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# China Report

RED FLAG

No 15, Aug 1985



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17 September 1985

## CHINA REPORT

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No 15, Aug 1985

Translation of the semimonthly theoretical journal of the Central Committee of the Communist Party of China published in Beijing.

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## LEARN HOW TO ANALYZE SITUATION CORRECTLY

Beijing RED FLAG in Chinese No 15, 1 Aug 85 p 2

["Forum"]

[Text] How to observe and analyze the situation is a major subject of Marxism. From the works of Marx, Engels, Lenin, and Mao Zedong, we can find many instances of how they made vivid, realistic, and penetrating analyses of complicated situations of all descriptions in different historical periods. From these instances we can realize this point: In order to set forth a correct struggle objective and formulate correct strategies and policies, we must first correctly size up the situation. It is a basic skill for revolutionaries to learn how to correctly analyze the situation. They should study this subject and improve their skills in this regard throughout their lives. The party central leadership has called on all cadres on various fronts to "discuss major issues, have a good grasp of the overall situation, and properly handle their own work." To "discuss major issues and have a good grasp of the overall situation," we should correctly analyze the situation.

In the matter of observing and sizing up the situation, our party has successful experience and has also made some mistakes. Comrade Mao Zedong was renowned for his skillfulness in observing and analyzing the situation. He wrote many good articles which correctly analyzed the situation and set forth correct tasks, strategies, and policies. However, he committed a series of mistakes in his later years, and an important reason was that his assessment of the situation was erroneous. Since the 3d Plenary Session of the 11th CPC Central Committee, the party central leadership has always realistically and soberly assessed the situation, so it can lead us to advance victoriously. However, some comrades have erred from time to time in observing the situation and have thus made erroneous decisions or taken some erroneous actions. Therefore, how to analyze and assess the situation is never a minor issue; instead, it is a major issue that determines whether we can correctly draw up and carry out the party's line, principles, and policies. Our assessment of the situation also reflects whether we have confidence and firm faith.

How then should we correctly look at the current situation? Now there are all kinds of comments at home and abroad on the situation in our country. An

extreme opinion holds that the situation could not be better; and the other extreme opinion holds that the situation could not be worse. Both opinions do not tally with China's actual conditions. The fact is that the current period is the best period since the founding of the PRC and the present situation can be matched with the good situation in the early years of the People's Republic. Although problems still exist in our economic work and in our party style, our economic and political situation in general is good. In our country, the stable and united political situation has been further consolidated, and the development of the economic situation is unexpectedly good. At present, the reforms are going on smoothly along a correct course. We must continue to advance the reforms and strive to smooth out various economic relations in 5 years' time so as to lay a solid foundation for the economic take-off in the 1990's and in the next century. If we fail to see the main stream and essence of the current situation and the fundamental factors that will play a long-term role in the development of the situation, we will lose our confidence and our bearings.

On the other hand, we should also notice that there are still many problems and difficulties that we have yet to solve and overcome. There are some abnormal phenomena in our economic development. For example, the scale of capital construction is too large; the consumption funds and credit funds have increased too rapidly; and too much foreign exchange has been expended. In addition, we have yet to take effective measures to solve the problem reflected in the "superhigh speed" of our economic growth. In the political field, new unhealthy tendencies have appeared in our party, and there are also some noteworthy problems in society. If we fail to see these problems and difficulties, we will also commit mistakes and will not act more prudently.

In short, when observing and analyzing the situation, we must follow the well-known method established by Marxism: It is necessary to see the essence of a matter and take its appearance as merely reflecting that essence. To do so, we should make efforts to gather information about, and study, all aspects of a matter, and to have a good grasp of all relevant links and media. Only thus can we prevent ourselves from forming some erroneous ossified ideas. If we just base our judgments on some hearsay or superficial evidences and do not use our brains to make serious analyses, we will not be able to reach correct conclusions and to make correct assessment of the situation.

All of our comrades in various localities and departments should assume a correct attitude to view the situation. They not only should have a clear understanding of the national situation, but should also correctly analyze the situation in their own locality or department by linking their local situation with the national situation. This is an indispensable important condition for our cadres to correctly implement the party's line, principles, and policies and to properly handle their own work.

CSO: 4004/34

## A STRATEGIC DECISION ON STRENGTHENING THE BUILDING OF OUR ARMY IN THE NEW PERIOD

Beijing RED FLAG in Chinese No 15, 1 Aug 85 pp 3-7

[Article by Yang Dezhi]

[Text] Our PLA has had a brilliant fighting history of 58 years and is now firmly advancing along the course of revolutionization, modernization, and regularization.

Since the 3d Plenary Session of the 11th CPC Central Committee, and especially since Comrade Deng Xiaoping began to take charge of the work of the Central Military Commission, our army has achieved remarkable results in its development. We have markedly improved the army's political and military quality and have continuously modernized our weapons and equipment. We have made outstanding achievements in training dual-purpose talented people capable of both military and civilian work, in joining hands with civilian units in the building of spiritual civilization, and in participating in socialist construction. We have won major victories in defending the security of the motherland and defending the cause of modernization. The 12th CPC National Congress pointed out: "We must work hard to turn the People's Liberation Army into a regular, modern, and powerful revolutionary armed force and enhance its defense capabilities in modern warfare"; and "our army should serve not only as a great wall of steel guarding our socialist motherland, but also as an important force in building our socialist material and spiritual civilizations." This is the struggle objective for our army in the new period. Not long ago, the party central leadership and the Central Military Commission made a strategic decision on reforming the army's structure and reducing the troops by 1 million people. This decision marked a strategic change in the guiding principle for our army. It will raise our efforts to revolutionize, modernize, and regularize our army to a new level.

### I

The strategic decision on reforming the army's structure and reducing the troops is based on the actual international and domestic situation and on the realities of our army. It was made after careful consideration and on the basis of correct analyses of various factors and current situations in all aspects concerned. The decision demonstrates the ideological principle of seeking truth from facts that is guiding our army's development.



The danger of a world war still exists because of the contention between the two superpowers, which are intensifying their arms race. However, today's world is no longer a bipolar world. The two superpowers, which have the ability to launch a worldwide war, are both faced with their own difficulties. Their contention for world hegemony is extremely unpopular in the international community. Many Third World countries, including our country, do not want to see war. Most countries in the world do not want to see war, and even the Soviet people and the American people hate war. We are now taking the initiative to reduce our armed forces. This is a concrete action for opposing war and safeguarding peace. Our country is pursuing an independent diplomatic policy of peace, and our purpose is to strive for a peaceful international environment for our economic development. If our country becomes more prosperous and powerful, that will mean that the forces of peace will become stronger. The forces of peace and the forces of preventing war will continue to outshine the forces of war. It is possible that no world war will occur for a considerably long period of time, and we are hopeful of success in maintaining world peace. At the same time, while maintaining sharp vigilance against war, we not only should, but also can, make full use of the favorable international environment and concentrate our efforts on promoting our economic construction. We will make our army more streamlined, better trained and equipped, and stronger in combat capacity during this period.

Economic strength is the foundation of military strength. Army building must rely on the country's economic development and be commensurate with economic construction. Friedrich Engels pointed out: "The army's organization and method of warfare, and with them victory or defeat, prove to be dependent on materials; that is, economic conditions." "Armaments, composition, organization, tactics, and strategies depend above all on the stage reached in production at any particular time as well as on communications." ("Selected Works of Marx and Engels," Vol 3, pp 210, 206) In accordance with the realities in China, Comrade Mao Zedong pointed out: "Only when economic construction develops at a faster pace can national defense construction make greater advances." Proceeding from the objective of the four modernizations, Comrade Deng Xiaoping has repeatedly stressed: The modernization of national defense can be achieved only when it is based on the development of the country's industry and agriculture as a whole. The state's economic construction is of overall importance and the army should serve it and act within the framework of economic construction. This is the important guideline for our army building. Structural reform and streamlining can lighten the economic burdens on the state, enhance the state's capability to carry out economic construction, speed up economic construction and ensure that the army's modernization program can be carried out on a dependable foundation. If the state's economic construction is ignored in carrying out army building, this will hinder the state's economic construction and cause the army's modernization program to be like water without a source or a tree without roots and army building will only end in "more haste, less speed."

Structural reform and streamlining are also necessary for strengthening the building of the army itself. Experience tells us that to vitalize the army, it is necessary to conduct reforms. Over the last few years, gratifying

results have been achieved in the streamlining and reorganization which has been carried out on many occasions in the army. However, judging from the present situation in the army as a whole, the size and numbers of the troops are a bit too large, the establishment of the army is far from scientific and rational, there are too many administrative levels in the army leadership, high-level offices are redundant but work efficiency is low, interaction between the various services is insufficient, and the number of cadres and administrative and logistics personnel is larger than it should be. All these factors have directly or indirectly hindered our army's modernization program. To ensure that our army building suits the requirements of modern warfare, continuously modernizes itself, and ceaselessly enhances its combat effectiveness, it is necessary to unswervingly take the road of reform and to seek simpler administration.

## II

Structural reform and streamlining are positive principles for strengthening our army building. Their aim is to solve problems once and for all proceeding from the overall situation of army building. Their main points are streamlining administration; readjusting, eliminating, or merging administrative organs; reducing the number of administrative levels in the leadership; developing good working ties; phasing out outdated and backward equipment; merging logistics and supply units; reducing the number of organizations, cadres, deputies, and various logistics personnel; readjusting composition ratios; and strengthening weak links and the interaction between the various services. Through reform and streamlining, we must ensure that our army becomes a modern, regular, revolutionary army with Chinese characteristics; an army with simpler administration, high flexibility in conducting operations, better equipment and training, quick response capabilities, high efficiency, and combat effectiveness; and an army with combined branches.

The modernization of weaponry is an important indicator of army modernization. If an army does not have modern weapons, it cannot become a modern army. In recent years our army's weapons have been improved to some extent, but the level of modernization is still relatively low and there is still a wide gap compared with the requirements of modern warfare. Fundamentally speaking, we should rely on the development of the national economy and science and technology to change the backwardness of our weaponry. At present China's economy is still relatively backward. The state should concentrate human, financial, and material resources on economic construction. Therefore, it is not in a position to put more money into the development of national defense. Via reform and streamlining, we should cut the number of our soldiers, eliminate obsolete and backward equipment, reduce expenses for food, clothing, and daily expenses of personnel as well as for the maintenance of equipment. We should spend more money on the development of urgently needed weapons in order to speed up the modernization process of our army's weaponry.

Developing modern military personnel is an important aspect of army modernization. The key to army modernization lies in capable people. Today, when science and technology are developing at full speed, people's political consciousness and the spirit of sacrifices are still very important. Moreover,



we should attach great importance to people's grasp of knowledge, culture, and technical skills. If we do not have people who have a good grasp of modern science, culture, and technical skills, it will be impossible to bring into full play the power of modern weapons. Therefore, it is imperative to improve the military and political quality of our officers and men, particularly our cadres. Comrade Deng Xiaoping attaches great importance to the cultivation of modern military personnel. When talking about the reform of the army structure at a forum of the Central Military Commission in 1982, he pointed out: "Structural reform will make it possible for us to select more capable people for promotion--this is one of its important features." ("Selected Works of Deng Xiaoping," p 365) In the past, organizational overlapping and overstaffing could easily breed bureaucratism and made it quite difficult for us to identify, train, and select capable people for promotion. The structural reform and the work of streamlining and reorganizing the army will make it possible for us to improve the composition of cadres at various levels and in establishments and departments; to identify, select for promotion, and use capable people to improve the intellectual structure and quality of cadres; and to speed up the process of making the ranks of cadres more revolutionary, younger in average age, better educated, and more professionally competent.

Establishing a scientific and rational structural establishment is likewise an important aspect of army modernization. The structural establishment must be suited to the development of weapons, strategy, and tactics. Although our army has conducted streamlining and reorganization on several occasions, there are still a lot of defects in the existing structural establishment. It is not completely scientific and rational, is unfavorable to army modernization, and cannot fully meet the requirements of modern warfare. In the current structural reform, streamlining, and reorganization, we should change the situation characterized by overstaffed organizations and by an irrational structural establishment, and should improve the work efficiency and command capabilities of organs at all levels. Moreover, in line with the weapons structure of our army and its developmental trends, and in accordance with the characteristics of modern warfare, through the structural establishment we should improve the combination of various branches so that they can be genuinely and organically combined in various aspects such as military training, operational command, and administration. This will make it possible to conduct composite training in peacetime and to bring into full play the power of integrated operation by various arms in wartime.

Will the combat effectiveness of our army be weakened by cutting the army by 1 million men? We can definitely reply that it will not weaken but will surely and fundamentally enhance the combat effectiveness of our army.

The combat strength of an army is not determined by the number of troops, but by the quality of its commanders and fighters, the quality of its arms, and the degrees of rationality of its systems and foundation. Hand-picked troops can win. This is a rule which has long been proved by the war history of China and the world. It is even more applicable given modernized military equipment. During the period of the anti-Japanese war, we pursued the policy of better troops and simpler administration with the aim of lightening the



people's burden. By reducing the number of combatants and raising the combat strength of the troops, we managed to win the war quickly. When summing up this experience later, Comrade Mao Zedong said: "Troops are valued for their quality, not their number. This will continue to be one of the principles to be followed in army building in the future." ("Selected Works of Mao Zedong," p 1120) Comrade Deng Xiaoping has upheld and carried forward this principle in the new historical period. Back in 1975, in view of the circumstance that the army had been terribly overexpanded due to the interference by Lin Biao and the "gang of four," Comrade Deng Xiaoping pointed out sharply: "An overexpanded and inefficient army is not combat-worthy." ("Selected Works of Deng Xiaoping," p 1) He suggested that the army needed to be consolidated, purged of redundant personnel, and undergo a reform of its systems and foundation. Later, he repeatedly emphasized that the army had to reduce its size and raise its combat strength. Modern wars usually break out abruptly and cause tremendous destruction, the battlefields always cover a large area, and the situation changes fast. An overexpanded army which cannot move swiftly will always suffer heavy losses in a war. Therefore, many countries have tried to raise their armies' combat strength by reducing their size, grouping different branches of the services in joint operation, and improving their arms and equipment, instead of insisting on increasing the number of troops.

The scientific structure and foundation of an army can raise its combat strength. This is an idea which has been accepted by more and more people. The combat strength of two armies with equal size, combatants of the same quality, and the same arms and equipment may vary due to differences in their organizational form, structure, and foundation. With a good organizational form and a reasonable structure and foundation, an army can give the utmost play to its combatants and arms and thus raise its overall combat strength. Engels quoted an example on cavalry warfare cited by Napoleon to show the importance of a sound structure. The Mameluke troops had better horses, their horsemanship and swordsmanship were superior, and they were skillful in grappling. They were superior to the French troops if compared individually. However, the French troops were under centralized and unified command, had a strong collective fighting spirit, were highly disciplined, and could closely cooperate. Therefore, in battle, they could defeat the Mameluke troops which surpassed them in number. ("Collected Works of Marx and Engels," Vol 14, p 320) Under the circumstances of modern warfare, the practice of scientific organization of an army and the strengthening of centralized and unified command is of great importance to raising the army's combat strength. By integrating reform with streamlining and simplification of administration, and by rationalizing the structure and foundation, our army will make great progress in streamlining, consolidating different branches of the services in joint operation, integrating peacetime training with wartime situations, and raising the combat effectiveness.

In the final analysis, whether the structural reform, streamlining, and reorganization of the army are successful must be evaluated based on whether the army's combat strength is raised. In light of the principal content and goal of the current process of structural reform, streamlining, and reorganization, one can easily find that both streamlining and reform are focusing on

the fundamental purpose of raising combat strength. Doing a good job in reforming and streamlining and building a small but capable standing army, we will surely be able to further increase our army's combat strength. At the same time, we must also pay attention to the building of reserve forces. By doing so we will not only be able to deal with local events and eventualities but will also be able to expand the army rapidly in case of war and win victory in the war against aggression.

### III

Army structural reform, streamlining, and reorganization are a major reform move in our army's history. In this reform, the situation is complicated and the tasks are arduous. Keeping the overall situation in mind, we should do our work in various fields well so as to guarantee the successful completion of the tasks in army structural reform and in force reduction and reorganization.

We should have unanimity of understanding. This is an important guarantee for completing the tasks in army structural reform and in streamlining. We should seriously study and understand the instructions of the CPC Central Committee and the Central Military Commission on army structural reform, force reduction, and reorganization, as well as the spirit of the enlarged meeting recently held by the Central Military Commission, so that we can reach unanimity of ideological understanding on the basis of the policies of the CPC Central Committee and the Central Military Commission. Reform is a revolution. In instituting army structural reform, we should not stick to old conventions. We should further emancipate our minds, break away from old habits, old ideas, and old concepts which are not suited to the building of the army, carry out army structural reform well, take account of the overall situation, pursue the policy on force reduction, strengthen our confidence about army structural reform and streamlining, and change the policies of the CPC Central Committee and the Central Military Commission into conscious actions.

We should strengthen centralized, unified leadership. Without centralized, unified leadership, it is impossible to complete the tasks in army structural reform and in streamlining and reorganization. Structural and system reforms, structural readjustment, and streamlining, all of which have an important bearing on the overall situation, should be decided by the CPC Central Committee and the Central Military Commission and should be carried out step by step according to unified plans and requirements.

No one is allowed to do whatever he likes. Once the decision on the establishment for an army unit is made, it must be resolutely implemented. The number of personnel in an army unit must be strictly set according to the authorized strength, and no arrangement in excess of the authorized strength is allowed. While stressing the necessity for strengthening centralized, unified leadership, we should simultaneously bring into play the initiative and creativity of commanders and fighters in army structural reform as well in streamlining. We should combine these two so as to enable everyone in the army to support and concern himself with army structural reform. Various

types of ideological and practical problems will arise in the course of this extensive and profound reform. We should strengthen ideological, political, administrative, and educational work with a specific purpose in mind so as to maintain the stability of the army, to constantly exercise command over it, and to guarantee the fulfillment of various tasks.

We should take the overall situation into account, strengthen party spirit, and observe discipline. Comrade Mao Zedong said: "We should keep the overall situation in mind. Party members, local work, remarks, and actions must proceed from the interests of the entire party, and no violation of this principle is allowed." Army structural reform, streamlining and reorganization are subordinate to the overall situation in the country's economic construction as well as to the building of the army. Ideological problems emerging in army structural reform and in streamlining are actually problems concerning how to handle the relationships between overall, partial, and individual interests. Party members and revolutionary soldiers should be broadminded and have the noble character of daring to sacrifice partial or individual interests for overall interests. Something may seem good to one group, but if it is not suited to the overall situation, we should resolutely not do it. Another thing may not seem good to one group, but if it is beneficial to the overall situation, we should resolutely do it. In strengthening party spirit and observing discipline, we should unconditionally subordinate our local and partial interests to the overall interests. With regard to leading cadres, they should adhere to party spirit and be fair and should not seek personal gain while handling various problems, in particular the problem of cadres. They should decide which cadres to add, to retire, to dismiss, and to remain. The cadres concerned should resolutely follow the decision of the organization.

Our work must be done well. Comrade Deng Xiaoping has instructed us to "do more practical work and stop indulging in empty talk" and "put an end to the unhealthy practice of relying merely on issuing orders and indulging in idle talk." Structural reform, streamlining, and reorganization are closely related to policies and cover much ground. If we make a careless mistake in any specific step, it will affect the overall situation. We must earnestly do well the specific work concerning structural reform, reorganization, plans for each demobilized person, ideological and political work, administration, and management of the remaining branches, assets, and materials. Leading cadres at all levels should conscientiously improve their work styles and methods, go deep into the realities of life, conduct investigations and studies, have a generally good idea of the situation, and promptly and earnestly solve the problems that may occur at any time. In army streamlining and reorganization, a great deal of work lies on the question of cadres. Solving this question well is the key to the success of army streamlining and reorganization work. Of this, the work to resettle the demobilized cadres covers much ground and must be done well by relying on the concerted efforts of the party, government, and army. The party and government have shown loving care for army cadres. The CPC Central Committee has recently instructed the local party organizations and governments to help resettle the demobilized cadres and staff members and solve other problems concerning army streamlining and reorganization. Resettling each



demobilized cadre well has a direct bearing on that cadre and his dependents and can also produce a great impact on the broad ranks of officers and men. The work in this respect must be done well with a sense of responsibility to army building and cadres.

We firmly believe that the PLA, which is the people's army and has a glorious revolutionary tradition, will be instilled with greater vitality and combat effectiveness through undergoing structural reform, streamlining, and reorganization and will make new contributions worthy to the great era in the sacred cause of defending the motherland and socialist construction and safeguarding world peace!

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ORDERS FOR 'THE DICTIONARY OF WORLD POLITICAL PARTIES' ARE NOW BEING TAKEN

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[Text] "The Dictionary of World Political Parties" published by the RED FLAG Publishing House, can now be ordered. This dictionary has been edited by Comrade Xiong Fu [3574 1788], editor in chief of RED FLAG, with contributions from experts and scholars of various departments, research institutions, and colleges and universities concerned.

This dictionary contains about 3,000 entries and over 2 million characters. It covers five aspects:

1. Political organizations of various countries in the world today, international political organizations, ruling parties and influential nonruling parties of various countries, as well as political parties and political coalitions that have dissolved or evolved to become other organizations but have played an important role in the past.
2. Founders and major leaders of political parties that have had considerable influence on contemporary international and national political life, as well as influential party leaders in contemporary and modern history.
3. Party programs and political views that have had considerable influence in the contemporary and modern history of political thought and in the founding and development of political parties.
4. Political activities and incidents organized and led by political parties that have had considerable influence.
5. Important organizational and leadership systems of political parties and state political systems that are related with the party system.

This dictionary is rich in content, full of accurate data, as well as concise in its explanations. It makes use of and reflects the latest achievements of research in social sciences in China and abroad. For easy reference, political parties and party leaders are also rendered in their original form. This dictionary will provide party cadres, social science workers, foreign affairs workers, staff and students of colleges and universities, middle school teachers, and other readers with invaluable

knowledg. of political parties and international politics. It is an essential tool for those engaged in the teaching, research, or study of political science and contemporary and modern history.

Sold at 16.70 yuan per copy, this dictionary is being distributed through the editorial committee of "The Dictionary of World Political Parties" and the RED FLAG Publishing House.

Orders will be received until 20 October 1985. The dictionary is expected to come off the press at the end of this year.

CSO: 4004/34



**MATERIALIZING LOFTY IDEALS BY ACTUAL DEEDS TO INVIGORATE CHINA--ENLIGHTENMENT  
GAINED FROM COMRADE LUO SHANGGONG'S DEEDS**

Beijing RED FLAG in Chinese No 15, 1 Aug 85 pp 8-10

[Article by Huang Yonggui [7806 3057 6311] and Zhao Zhao [6392 2507]--  
passages within slantlines published in boldface]

[Text] A medical expert in new China and the people's army, Comrade Luo Shanggong, is now head of the otolaryngological department of the air force hospital in Changchun. Since he joined the army after graduating from a university in 1951, he has devoted all his energy to medical work. He has scored great successes in medical research work, winning two awards from the state for his inventions and one first-class award from the army for his achievements in science and technology. He has devoted himself wholeheartedly to the care of the patients and, with full ardor and sincerity and superb skills, served them heart and soul, winning the respect and praise of a large number of wounded soldiers and patients. Although he suffered on numerous occasions during the antirightist struggle and the "Great Cultural Revolution" and was sent to a cadre school, his conviction in the party and communism never wavered. After he joined the party following the smashing of the "gang of four," he plunged more vigorously into the four modernizations program. Cherishing lofty ideals and working with all his might and in a down-to-earth manner, Comrade Luo Shanggong has blazed a trail toward the realization of his ideals by doing his job well. He has proved himself to be an outstanding intellectual with lofty ideals, moral integrity, education, and a sense of discipline, and to be a good doctor of the people's army.

Comrade Luo Shanggong has materialized lofty ideals by actual deeds to invigorate China. This has found concentrated expression in three ways:

/In an effort to build a powerful people's air force, he displays a lofty spirit of dedication to his job./ Aviation-related otitis media is a common ailment which was difficult to cure and which prevented people from carrying out flight missions. There was not a satisfactory method of treating it. Whenever he saw pilots trained at a high cost by the party and the people suffer from perforation of the tympanic membrane after carrying out high altitude flights and then have to stop flying because it was incurable, he was very worried. He was determined to unravel the mysteries of the

disease and to solve this tough problem. An authoritative person from an international aviation medical circle abroad held that this disease was caused by the excessively drastic glide of aircraft, making it impossible for the eustachian tube to open because the pressure difference inside and outside the tympanic membrane exceeded 90 mm of mercuric pressure. Luo Shanggong held that these arguments failed to explain investigative results from actual flight and clinical symptoms. In order to obtain reliable first-hand data, it was necessary to carry out a bodily injury test. He firmly said to a leading cadre: "Let's begin by carrying out a test on me!" Together with other pilots, he entered a low-pressure chamber to conduct simulated flight tests, personally experiencing the pressure on tympanic membranes caused by different gliding speeds. After carrying out more than 1,000 tests, he discovered that the gliding speed of an aircraft is not the decisive cause of the disease. With the help of other people, he had a hollow steel needle with an external diameter of 2 mm inserted from the back of his ear through his mastoid process to his air chamber to conduct a test by extracting air and increasing pressure. When the pressure difference exceeded the limit indicated by the foreign expert, 90 mm of mercuric pressure, the difference was gradually increased until it reached 300 mm. At that time, his hearing capability was seriously impaired, his tympanic membrane was congested, and blood oozed out of his eardrum. According to the previous view, if the pressure difference was further increased, his tympanic membrane would be perforated and he would become deaf and face even more serious consequences. In an effort to solve the tough problem of aviation-related otitis media and to obtain ample data, Luo Shanggong again drastically increased the pressure difference regardless of personal safety. In this way he obtained valuable scientific data from a series of tests. The conclusion of the tests negated the argument that a pressure difference exceeding 90 mm of mercuric pressure would make it impossible for the eustachian tube to be open and provided a new theoretical basis for studying the treatment of aviation-related otitis media. To study the treatment of this disease, he had his tympanic membrane cut open six times so that a metal wire could be inserted in his eustachian tube and an X-ray examination conducted to observe the movement of the tube. He inserted a myoelectric needle in his pharynx muscle to determine the electromyographic results. He also applied corrosive medicines of different densities to his eustachian tube to discover a method of diagnosing based on predetermined levels and a protective method of medicinal application. Finally he succeeded in discovering the cause of aviation-related otitis media and a relatively satisfactory method for its treatment. This major achievement of his scientific research has been recorded in "China's Medical Encyclopedia" and "China's Encyclopedic Yearbook." Comrade Lu Shanggong said: "In my view, the word 'contribution' contains the meaning of dedication. In order to make more contributions to the revolution, it is necessary to be bold in dedicating oneself to the revolution. Sometimes it is necessary to sacrifice one's rest time, comfortable life, hobbies, or excellent pay and conditions. All these reflect the spirit of dedication. Naturally, we should also give our lives when necessary."

/He has a persevering spirit in developing medical science and resolving key problems./ In the past, the only way to deal with throat cancer which

threatened a man's life was to remove it. After the operation the patient often choked on his food. He could not speak for the rest of his life, nor could he breathe through his nose. Noticing the patient's pain, Luo Shanggong set a new objective--strive to make a patient who had his throat cancer removed recover his articulation and nose-breathing functions. He diligently studied materials science and bionics and assiduously studied the theory of "die forming." After finishing a day's busy work, he continued working by lamplight, pondering and calculating with rapt attention. He went to a silica gel research institute on numerous occasions to conduct experiments. After working hard for 8 months and conducting scores of experiments, he finally succeeded in designing an artificial larynx with an internal diameter of only 0.8 cm with the use of silica gel which had no side effects on the human body. This research achievement by Luo Shanggong not only solved the problems of helping the patients to speak and breathe following the removal of throat cancer, but also helped those who had lost the function of their larynx in battles to breathe, speak, and avoid choking. Moreover, in an effort to seek a simple, easy, and satisfactory tonsillectomy method, he personally developed a new method for the rapid removal of tonsils. He knew little about electricity, so he consulted electrical workers, radar technicians, and electrical engineers while learning from books. After working hard for more than a year and conducting as many as 100 experiments, during which he scorched his hands on numerous occasions, he finally succeeded in developing a tonsillectomy method conducted by using high voltage electricity. By using this method, it took only 1-2 minutes to remove a tonsil and the patient did not bleed. On one occasion, he personally performed 106 operations in one day. Luo Shanggong often encourages himself with the following words: "There is no limit to scientific development and people should go on discovering and making constant developments as long as they live." He has worked thus in the field of medical science for more than 2 decades and completed three research projects one after another, namely, the study on eustachian tubes, the designing of silica gel larynx, and high voltage tonsillectomies, thus making contributions to the development of medical science.

/He wholeheartedly serves wounded soldiers and patients with good medical ethics and superb medical skills through ordinary medical work./ He cherishes a deep feeling for wounded soldiers and patients and is eager to meet their wishes and needs. A soldier suffering from an advanced stage of cancer was in critical condition. One day he suddenly said he wanted to eat deep-fried twisted doughnuts, but nobody was available to make them at the canteen at that time. Therefore, Luo Shanggong went home to fry twisted doughnuts and then took them to the man's hospital bed. A soldier suffering from a cancer of the nasopharynx emitted a malodorous smell from the affected part. His look was so frightening that no patient wanted to live in the same ward with him. Luo Shanggong voluntarily moved to his ward to live with him, giving him meticulous care by helping him to turn over in bed, washing his face, spoonfeeding him, and looking after his physiological needs. To reduce the financial burden of patients, Luo energetically improved his methods of operation and applied cheap but effective medicines, spending dozens of yuan to cure diseases which had cost hundreds of yuan to treat in the past. Whenever he received letters on medical matters, he always replied in earnest and



sometimes sent medicine from afar. He often said: "A doctor with no feelings for patients is not a good doctor."

Comrade Luo Shanggong has materialized lofty ideals by actual deeds. This enables him to have a definite direction and a powerful force to work conscientiously in an ordinary post and to perform extraordinary deeds through the accomplishment of routine work. Comrade Luo Shanggong's deeds enable us to gain a better understanding of ideals and the way to realize them. Fundamentally speaking, ideals are people's aspirations for the pursuit of a certain social system and life. The "Land of Peach Blossoms" as described by Tao Yuanming in his "Notes on Shangrila" was his ideal; Thomas Moore of Britain also expounded his ideal in his book entitled "Utopia." Since Marx and Engels founded the materialist concept of history and the theory of surplus value and brought to light the objective laws governing the inevitable extinction of capitalism, socialism has turned from a utopian idea into a science and the communist society has become a lofty ideal of communists and proletarians in the past 100 years or so. Today what we refer to as ideal is to be determined to struggle for communism and to closely link this lofty ideal with the four modernizations program, the revitalization of China, the fulfillment of the party's general task, and the realization of the party's general objective. This is because pursuing personal ideals in the absence of the party's general task and objective runs counter to the ideal we are advocating.

To judge whether a person has a lofty ideal, not only should we view his understanding, but we should observe his practice. A lofty ideal should not merely be talked about or written down on a piece of paper, but should be realized through practice. In his youth, Comrade Zhou Enlai wrote the following lines: "How can we reap without cultivation? Some people look forward to the day when the flowers of communism bloom without sowing the seeds of revolution! ...How can there be such a profitable thing in the world?" Communism and a comparatively well-off level of life cannot be realized by waiting. A lofty ideal can only be realized by down-to-earth and diligent work. Merely talking about ideals and looking forward to the future without the determination to carry out practical work well and without materializing lofty ideals by actual deeds to invigorate China, may cause ideals to turn into empty dreams. Comrade Luo Shanggong has a lofty idea of fighting for communism and materializes this by actual deeds to carry out his job well.

"To achieve big things we must start with little things." ("Complete Works of Lenin," Vol 30, p 475) To realize lofty ideals we must start with ordinary little things, daily and hourly. Some comrades cherish the ideal of attaining great achievements but are not content with ordinary work. This shows that they do not genuinely understand what is meant by great. The experiences of all enterprising people in modern or ancient times, in China or elsewhere, show that ordinary things carry greatness within themselves and that great deeds are derived from ordinary work. Those who always think of "reaching the sky in a single bound" and "amazing the world with a single brilliant feat" and who disdain doing just little, ordinary things are bound to accomplish nothing. Their lives will eventually be

composed in part of illusions for the future and in part of regrets for the past. In regard to those who only talk or think without doing practical work and those who only want to do earthshaking, great undertakings and not ordinary little things, their ideals are nothing but colorful soap bubbles. Revolutionaries who live in this great era should not only cherish the lofty ideals of struggling for communism and the grand objective of quadrupling by the year 2000 but also, like Comrade Luo Shanggong, should link the ideals and objectives with the routine work in their department or unit and carry them out specifically by actual deeds.

Some comrades say: "Although ideals are good, they are not for you to decide." This means that they cannot do what they want to do but are assigned to do what they do not want to do. Ideals never mean that each person can do whatever he wants to do. There has never been such a society in which all persons can do whatever they want to do. In the socialist society in which the people are masters of their own affairs, the restrictions of various conditions, such as the developmental level of the productive forces, also make it impossible for people to freely choose their professions in strict accordance with their personal interests. What is to be done if nobody wants to do many things that need to be done? And what is to be done if many people want to do a certain job but there are not many posts available? The reasons are clear to all, namely, it is necessary to make some adjustments according to needs. Naturally, everyone may plan for his or her glorious future but, in choosing a personal ideal, one should take into consideration the grand objective all people are struggling for. It is unrealistic to talk about personal ideals in the absence of the needs of the motherland and the people. That is to say, it is necessary to bring personal ideas into line with the revolution. Personal interests and hobbies must eventually be subordinated to the needs of the revolution. We do not work for any individuals but for the cause of the party and the people. Comrade Luo Shanggong expressed it well when he said: "I should make full use of my limited life to work for the party and I should not stop working for one day as long as I live." Some comrades do not love their professions, are not content with their own jobs, and even rack their brains trying to change their jobs to something else. They worship professions and place their ideals, future, and happiness on the selection of professions. These comrades fail to understand that whether or not people can achieve happiness and attain great success does not lie in what they do but rather in adopting a correct attitude toward the work. People who are quick to switch sides, who change their minds the moment they see something new, and who always consider other people's jobs as superior to theirs do not necessarily attain greatness even if they are assigned "ideal" posts. Conversely, those who work conscientiously and diligently at their ordinary posts are not necessarily out of the reach of greatness in the end. Great deeds, achievements, and honor always belong to those who love their ordinary jobs and are dedicated to them. In short, the path to ideals lies in one's own work post and ordinary labor to which one should stick perseveringly from beginning to end. That is precisely what is most worthy of our study of Comrade Luo Shanggong.

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**ENGELS ON THE ESSENCE AND APPLICATION OF MARXISM--IN MEMORY OF THE 90TH ANNIVERSARY OF THE DEATH OF ENGELS**

Beijing RED FLAG in Chinese No 15, 1 Aug 85 pp 11-15

[Article by Jin Qingmin [7246 1987 2404]]

[Text] Friedrich Engels was one of the great founders of Marxism. Throughout his brilliant life, he made outstanding contributions to the founding and development of Marxism and to the proletarian revolutionary cause. At present, the rise of a new scientific and technological revolution in the world, and in particular, our socialist modernization which has entered a new historical period have raised a number of noteworthy questions among the people, who have been making different comments on Marxism. Under such circumstances and on the occasion of commemorating the 90th anniversary of the death of Engels, reviewing Engels' scientific exposition on Marxism is of great significance for achieving unity of thinking and adhering to and developing Marxism in the course of building socialism with Chinese characteristics.

**I**

When it came into being, Marxism was just an academic school of thought in the socialist movement. With the lapse of time, however, the proletariat and the whole of progressive mankind have more and more deeply realized that Marxism is the most powerful ideological weapon for understanding and changing the world. For nearly one and a half centuries, Marxism has profoundly changed and is changing the face of the world, and history has been developing precisely along the course charted by it. Why does Marxism have such huge vitality and power? Just as Engels pointed out, the fundamental reason is that Karl Marx discovered historical materialism and advanced the theory of surplus value, thus developing utopian socialism into scientific socialism. Marxism is universal truth reflecting the objective laws of nature, society, and thinking.

In the mid-19th century, the development of the capitalist economy, the advance of science and technology, and the proletarian liberation movement which were caused by the inherent contradictions of capitalism all provided an objective possibility for revealing the basic laws of nature and human society. Marx and Engels actively plunged themselves into the workers'



movements and carried out theoretical studies in a creative way by making investigations of the realities. They correctly answered new questions posed by the times and practice and founded Marxism—a completely new theoretical system for the proletariat. Just as Engels said, modern socialism was not accidentally discovered by certain geniuses, nor was it an ideal which the real world had to be suited to, but was a general theory abstracted from the results of observing the development of human history, and in particular, of observing the class relations and actual relations between historical movements in capitalist countries. This summing-up was different from the previous social theories which were far removed from actual life and wavered between the realm of abstract "human nature" and the realm of "the rational." It placed theory on a base of reality, linked itself with conditions of the times and social practice, and "coordinated socialism with the basic materialism and transformed it on this basis" ("Selected Works of Marx and Engels," Vol 4, p 226), thereby founding a scientific world outlook and a complete theory of social revolution and accomplishing a great change in the social ideological sphere.

Marxism is not a narrow and obstinate theory deviating from the brilliant road of man's civilization but has inherited and developed all outstanding cultural legacies created by mankind. Engels noted: "The more science is free from all inhibitions and becomes selfless, the more it meets the interests and aspirations of workers." (Ibid., p 254) In the history of mankind, thinkers of different ages all made a great deal of useful exploration of the development law of the natural world and social history. From ancient Greek and Roman philosophy to the British and American materialism between the 17th and the 18th centuries, to the German classic philosophy, the British classic political economics and the British and French utopian socialism in the 19th century, as well as to the science of history in the Restoration period, all furnished the treasury of man's knowledge with some truths and caused man's knowledge of the objective world to rise spirally and approach the objective truth. Owing to the limitations of the times and classes, they could not give a clear scientific explanation to nature and history, but they accumulated many useful factors and positive achievements and prepared rich ideological materials for the birth of Marxism. Engels pointed out that Marxism was based on the ideological and cultural successes achieved by our predecessors. He also said: "If there were no German philosophy, and particularly no philosophy of Ernst H. Haeckel, there would be absolutely no German scientific socialism, a unique scientific socialism that has never appeared before." ("Selected Works of Marx and Engels," Vol 2, p 300) In the course of development after its founding, Marxism still continuously absorbs nutrition and enriches itself from new achievements of different sciences. Marxism never takes a sectarian attitude toward all academic schools, both in history and in reality. On the contrary, it consciously inherits and absorbs all valuable things, including every bit of reasonable ideology, from different academic schools. Marxism is, therefore, a brilliant crystallization of all scientific ideologies and an integrated world outlook. Its value and significance lie not only in its summation of the past, but also in its continuous efforts to help mankind understand the world in depth and in breadth and to change it.

History is most convincing. Before and after the founding of Marxism, there were many theories and socialist academic schools, but most of them were like the morning dew, they were negated by practice and became a thing of the past in history. However, Marxism, only Marxism, can develop with time and always keep young. This profoundly indicates that the basic tenets and methods of Marxist world outlook are of universal and everlasting significance. The viewpoint of still describing Marxism simply as one of many academic schools and equating it to other academic schools of social sciences actually negates the historical development in the past 100 years and more and is not correct either in theory or in practice.

## II

Marxism is a scientific system of truth. However, it is not ossified and closed but is open and developing. Engels stressed time and again: "Our theory is a developing one" ("Selected Works of Marx and Engels," Vol 4, p 460), and forges ahead with revolutionary practice and the development of science. These are the major characteristics of Marxism.

In criticizing the "ultimate truths" advanced by Herr Duhring, Engels expounded the development law of man's knowledge and made a brilliant analysis of the sovereignty and nonsovereignty of thought and of limited and unlimited knowledge. No doubt, this analysis is also applicable to Marxist theory itself. The objective world is constantly moving and changing, the theoretical system of Marxism which reflects the law of such change is certainly in the process of constant improvement and development. Engels noted that understanding truth was a process of development, "it can be achieved in an unlimited process of gradual progress." ("Selected Works of Marx and Engels," Vol 3, p 555) Under similar circumstances, Marxism "just expounds every stage of such development processes which link with each other one after another." ("Selected Works of Marx and Engels," Vol 4, p 459) In the development of man's knowledge, each stage moves a step further than the previous one. In understanding truths, we usually move from relative truths to absolute truths step by step. This is a process of unlimited escalation. As for each system of science, if we do not put it in the long process of man's knowledge but solidify it, then, its bright truth will also vanish.

Marxism as a "developing theory" is not contrary to its strictly integral ideological system but they are totally consistent. Truths are overall. Marxism as an integral system reflects not only the integrality of the objective world but also the process of its movement. It is precisely in the process of development that integrality resides, and integrality can be understood only in the process of development. The system of Marxism is, in essence, an integral theory containing the principle of development. Engels once pointed out: "As long as a social philosophy looks upon some arguments as final conclusions and still prescribes Morrison pills, it is far from being integral. What we badly need is not a few dull conclusions but detailed studies. If a conclusion has no room for development which leads to the conclusion, it is not worth mentioning. We have learned of this point of view since the time of Ernst H. Haeckel. If a conclusion

stands still and refuses to make progress, it will become useless." ("Complete Works of Marx and Engels," Vol 1, p 642) Therefore, Engels said that he did not mean that all theoretical systems would stop developing. He held that the theory of Haeckel consists of abundant dialectical ideas of development, but Haeckel viewed the absolute spirit as the basis of all developments, and that his theoretical system was nothing but a mysterious self-explanation of the absolute spirit; it was precisely this idealist world outlook that made the theory of Haeckel a closed system, a vicious circle. Quite the contrary, Marxism runs through complete dialectic principles, and never sticks to any conclusions drawn by other people. Standing above social practice, it develops with the development of social life and it enriches itself with the improvement of the content of science. This has been fully proved by different stages of the development of Marxism. We should not, therefore, neglect development whenever we mention an integral system of theory, nor should we dare to view Marxism as an integral system of theory whenever we stress development.

Engels not only clearly pointed out that Marxism was a "developing theory," but also particularly stressed perseverance in the basic tenets of Marxism, pointing out that the basic tenets of Marxism should not be abandoned and violated ("Selected Works of Marx and Engels," Vol 3, pp 367-375). If we deviate from the universal truths brought to light by Marxism, and from the Marxist stand, viewpoints and methods, we will be completely unable to develop Marxism.

Engels himself precisely adopted this prudent and scientific attitude to treat Marx' works and the basic theories established by Marx. As it is known to all, the "Communist Manifesto" was an epoch-making work, which reflected the revolutionary situation of when it was written. However, along with the changes in historical conditions, the authors of the book acutely noticed that some points in the "Manifesto" had become "antiquated," some other points were "deficient," and many things "should be very differently worded." At the same time, they also emphasized that the general principles laid down in the "Manifesto" were "still completely correct." ("Selected Works of Marx and Engels," Vol 1, pp 228-229) Engels pointed out that "the fundamental proposition, which forms the nucleus of the manifesto," is that in every historical epoch, the prevailing mode of economic production and exchange, and the social structure determined by the economic mode, form the only basis for explaining the political and intellectual history of that epoch. ("Selected Works of Marx and Engels," Vol 1, p 237) Afterward, when some people showed a one-sided understanding of this principle and approached it in terms of absolutes, Engels not only firmly upheld this principle, but also expounded the great reaction of the ideological and political superstructure on the economic basis and the interactive relations between various social factors in the course of historical development, thus defending and developing Marxism.

After Marx died, Engels took over the responsibility for editing and publishing the second and third volumes of "Das Kapital." When carrying out this task, Engels not only compiled Marx' manuscripts and conducted some technical processing before sending the book to the press, he also carefully



watched and seriously studied the new phenomena in social development so as to include the latest research achievements in the book and to properly revise, add to, or develop some of Marx' viewpoints and conclusions. In the original manuscripts, Marx made penetrating analysis of the capitalist joint-stock companies. However, in the 1880's and 1890's, capitalist joint-stock companies became more prevalent. Through intensive studies, Engels summarized the new tendency of monopoly in the development of capitalism and drew a new conclusion. He said: "Since Marx wrote the above words (about the capitalist joint-stock companies), as we all know, some new forms of industrial enterprises have emerged and developed. They represent the second power and the third power of joint-stock companies." He also pointed out that in some important economic sectors, "competition has been replaced with monopoly." ("Complete Works of Marx and Engels," Vol 25, pp 494, 495) Obviously, this was the precursor of Lenin's theory about imperialism. This fact (and many other facts) also vividly showed that Engels closely followed the development of practice and continuously enriched and developed Marxist theory while adhering to its principled theoretical foundation.

Engels' theory and practice also showed that the only correct attitude toward Marxism is first to adhere to it and second to develop it. These two aspects are united in a dialectical manner. Adherence is the premise and foundation for development; and development is the process and result of adherence. Without adherence, there will be no development; without development, it is impossible to really adhere to the Marxist theory. Therefore, any viewpoint that separates adherence from development or that negates the basic principles of Marxism under the pretext of the changing historical conditions and the development of science and technology, and any practice that tries to replace Marxism with other theories is incorrect.

### III

Engels not only profoundly expounded the point that Marxism is a universal truth that reflects objective regularity and is a developing theory, but also clearly pointed out the correct way to apply Marxism. In this regard, Engels repeatedly emphasized his fundamental viewpoint: Our theory is "not a dogma" but a "guide to action." This viewpoint represents the essential and inevitable requirement and conclusion of Marxism. Lenin pointed out: If one loses sight of the point that Marxism is not a dogma but a guide to action, one will "turn Marxism into something one-sided, distorted, and lifeless, deprive it of its life blood, undermine its basic theoretical foundation—dialectics, the doctrine of historical development which embraces all kinds of contradictions, and undermine its connection with the definite practical tasks of the epoch, which may change with every new turn of history." ("Selected Works of Lenin," Vol 2, p 398) Mao Zedong said: That Marxism is not a dogma but a guide to action is "the most important statement." ("Selected Works of Mao Zedong," Vol 3, p 778) As everybody knows, both Lenin and Mao Zedong set good examples in putting this instruction of Engels into practice.

When beginning to establish Marxism, its founders firmly opposed dogmatism of all descriptions. We can say that Marxism was developed in the course of

a struggle against various forms of dogmatism. In 1843, Marx announced: "I do not agree that we are going to erect any banner of dogmatism," "the advantages of the new school of thought precisely lie in the fact that we do not predict the future by inventing some dogmas; instead, we just hope to discover the new world through criticism of the old world." ("Complete Works of Marx and Engels," Vol 1, p 416) After Marxism defeated various erroneous schools of thought and achieved a dominant position in the workers' movements, Engels said again and again that Marxism is not a dogma but a guide to action. This reflected the thorough materialist spirit of the founders of Marxism. They not only refused to take other people's theories as a dogma, but also opposed the dogmatization of their own theory. Obviously, Marxism is incompatible with dogmatism, which is based on the viewpoint of apriorism. When criticizing Duhring's apriorism, Engels pointed out: "The principles are not the starting point of the investigation, but its final result; they are not applied to nature and human history, but abstracted from them; it is not nature and the realm of humanity which conform to these principles, but the principles are only valid insofar as they are in conformity with nature and history. That is the only materialist conception of this question." ("Selected Works of Marx and Engels," Vol 3, p 74) Dogmatism precisely goes against this "solely materialist conception of things in the world." This is also the fundamental reason why Engels repeatedly emphasized the point that Marxism is not a dogma but a guide to action.

History has repeatedly showed that both theoretical studies and practical struggles cannot be separated from the guidance of some theories, which may be correct or erroneous. Marxism provides us with the guiding theoretical foundation, and it is a basic guide for us to win victories in revolution and construction. However, adherence to Marxism does not mean that we should approach Marxism in terms of absolutes and dogmas.

As he held that Marxism is not a dogma but a guide to action, Engels also called for people not to apply Marxism as some kind of label or cliché formula to all kinds of things in the course of theoretical studies. He said: "The entire world outlook of Marx is not a dogma but a methodology, and his theory is not a set of ready-made dogmas but a starting point for further studies and a set of methods which can be used in these studies." ("Complete Works of Marx and Engels," Vol 39, p 406) Theoretical study is a creative job that requires serious and painstaking work. People engaged in theoretical studies must extensively collect materials, make in-depth investigations, find out all the internal relations between various phenomena, and reveal the nature and objective regularity of the things they study. Engels told people that even in the study of a historical event on the basis of the materialist viewpoint, one must still devote oneself to many years of sober-minded research work, and any empty talk or label-sticking will get nowhere in this study. Therefore, he sharply pointed out: "If the method of materialism is not used as a guide to the study of history but is used as a ready-made formula for the cutting and patching of various historical facts, then the method of materialism will simply turn to its opposite." ("Selected Works of Marx and Engels," Vol 4, p 472) This clearly tells us that in our research work, we must not

mechanically apply and copy the specific conclusions of Marxism, but should apply the basic standpoints and methods of Marxism to analyze and solve questions.

This fundamental principle of Marxism is of great importance in guiding the practice of the proletariat and its political party and is a fundamental guarantee for guiding the revolution to victory. Socialist movements in various countries are carried out under specific social and historical conditions. The development and success of these movements will be hopeless if they are not guided by Marxism and if the people who carry out these movements do not proceed from the specific conditions of their nations, do not sum up the struggle experience of their people, do not recognize the objective law that governs the development of the socialist movement in their country so as to seek a struggle form that is suited to their national conditions and to formulate effective struggle programs and strategies that are accepted by their people. In the 1880's, when criticizing the German socialists who immigrated into the United States for refusing to participate in the actual struggle of the American working class and failing to integrate themselves with local workers, Engels clearly pointed out that when the theories formulated for the workers' movements in Western Europe were applied to the workers' movements in the United States, they had to be "divested of their European clothes" and be "thoroughly Americanized." ("Selected Works of Marx and Engels," Vol 4, p 262) That is, the general principles of Marxism should be integrated with the realities of the United States. Therefore, the integration of theory with practice and the integration of Marxism with the specific realities of each nation is the fundamental requirement of Marxism and is the key to the success of the revolutionary cause.

Integrating Marxism with the concrete practice of a nation is a complicated process. In this process, there are inevitably many difficulties due to various subjective and objective factors, and people may even make this or that mistake. However, people must not give up eating for fear of choking and must not thus negate the guiding significance of Marxism. The important issue is to be good at studying in the course of practice and summing up experience. Engels pointed out that it is necessary to clearly understand theory and that the best way to gain a good understanding of a theory is to plunge oneself into practice. One may learn a lot "from one's own mistakes and painful experience." ("Selected Works of Marx and Engels," Vol 4, p 458) The more one uses one's own experience to examine a theory, the more one can profoundly understand and master it.

Engels also profoundly pointed out the harmfulness of the divorce of theory from practice. He said that it will not only damage the prestige of Marxism and strip Marxism of its appeal and guiding significance to the people, but will also dissociate the party from the actual struggle of the people and degrade it to a small powerless faction which cannot correctly and promptly judge the changes in the situation and the actual needs of the people and which cannot give correct guidance to the people and unite them to carry out successful struggles, and which isolates itself from the people. Such a practice is equal to "digging one's own grave" and will result in the



eventual decline of a powerful party which may finally be destroyed amid the justifiable laughter of the people who are hostile to it. The ongoing historical experience of proletarian parties in all countries has again and again proved that resolutely preventing and thoroughly overcoming dogmatism is an indispensable ideological condition for the correct application of Marxism in the winning of great victories in the socialist cause.

The great vitality of Marxism lies in its integration with concrete revolutionary practice in various countries. At present, our ongoing efforts to build socialism with Chinese characteristics are an unprecedentedly great undertaking full of creativity. It requires us to adhere to the theoretical guidance of Marxism and to closely combine it with new practice in the course of studying new situations, solving new questions, and summing up new experience. Thus, our cause will be full of vigor, and Marxism will be continuously enriched and developed. This is what the founders of Marxism hoped their followers would do. It is also our unshirkable historical duty.

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**MA SHENGLI, A GOOD PLANT DIRECTOR WHO ALWAYS KEEPS IN MIND THE INTERESTS OF THE STATE AND PEOPLE**

Beijing RED FLAG in Chinese No 15, 1 Aug 85 pp 16-23

[Article by XINHUA reporters Zhang Moyuan [4545 1075 3220], Peng Zhankui [1756 0594 7608], and Wu Shishen [0702 1102 3234]]

[Text] Remarks by a reviewer of Office of the Central Commission for Guiding Party Rectification:

We would like to recommend the newsletter "Ma Shengli, a Good Plant Director Who Always Bears in Mind the Interests of the State and People" to all units undergoing party rectification, CPC committees at various levels, and party members working on all fronts, especially those party members who serve as leading cadres in enterprises. They are requested to read this newsletter, think about it, and discuss it in a serious manner in order to discover valuable thought and spirit to be learned from this vivid newsletter dispatched from the forefront of reform, or, more specially, from Comrade Ma Shengli, the hero of the newsletter.

The central theme of this newsletter is to describe how Ma Shengli exercised his functions and powers as a plant director, and how he used the enterprise's decisionmaking powers. This involves the various important relationships inside and outside an enterprise; for example, the relationships between enterprise and state, between enterprise and consumers, between plant director and plant party organization, and between plant director and the masses of staff and workers. Handling these relationships well is the key to success in handling a plant director's functions and powers and an enterprise's decisionmaking powers. What attitude should be taken in regard to these relationships and how should they be handled? Ma Shengli provided a correct answer through his own experience: In dealing with the state, one should do his best, shoulder as much responsibility as possible, try to make more contributions, and offer his services without reserve. In dealing with consumers, it is necessary to make them feel that the products they bought are worth the price they paid and can serve their purposes conveniently and satisfactorily. In dealing with the party organization, it should be understood that this is the plant director's mainstay and that an "able and efficient plant director" relies on assistance from an "enlightened secretary." In dealing with the masses of staff and workers,

the plant director, who is a servant of the people throughout the country and the staff and workers of the whole plant, should wholeheartedly serve the people, staff, and workers. To sum up, it is imperative to use the powers authorized by the party and state for the benefit of society and the people. In no way should such power be abused for the private gain of individuals or small groups of people. This is precisely the fundamental viewpoint upheld by Ma Shengli in regard to exercising powers. Anything that counters this viewpoint must be rejected on the basis of the principles of party spirit.

Through practice, Ma Shengli has profoundly realized that a plant director should firmly rely on the following three things to ensure the proper exercise of his functions and powers: First, he must rely on party leadership. Second, he must rely on support from the masses. Third, he must rely on himself to set a good example. He described the first two as two "magic tools which cannot be dispensed with for a moment" if one wants to be a good director and to be successful in using one's powers. He called the latter "an individual's influential power." That is to say, a plant director must act justly, behave uprightly, and set an example, especially in handling issues concerning public and private interests, and must use practical action to influence the masses and win the people's trust, and thus be issued a "pass" to exercise his powers without impediment. These three qualities are of universal significance. No function or power can be exercised properly and effectively without them.

The purpose of properly exercising a plant director's functions and powers and an enterprise's decisionmaking power is to invigorate the enterprise and attain better economic results. In Ma Shengli's words, it is to "enable the plant to effect a quick change and become better." Based on the practice of reform, Ma Shengli and his colleagues have devised a series of methods for making "changes": To change laziness into diligence, implement the system of linking responsibility with benefit. To change "incompetent personnel" into "competent personnel," select and promote outstanding people. To change laxity into seriousness, rectify work style and enforce discipline within the plant. To change poor quality into fine quality, take measures to improve product quality. To change the old into the new, make efforts to develop new products. In applying any of these methods to effect a "change" however, it is imperative to follow a fundamental principle: The "change" must be "reasonable, legal, and in conformity with regulations and discipline." These methods and experiences for invigorating enterprises are of universal significance.

Without extensive experience as a plant director, Ma Shengli, like other exemplary individuals, has his own weaknesses and shortcomings. He is not perfect, and in the course of advance he will meet with many problems to be resolved through further practical work. Nonetheless, his current practices and work results fully indicate the correctness of the political orientation he has adhered to in the reform to invigorate the enterprise, which suits the requirements of the Decision of the CPC Central Committee on Reform of the Economic Structure. His viewpoint on using power manifests the party's fundamental purpose and the basic principle of party spirit, and shows the



lofty quality of a Communist Party member and socialist entrepreneur in forging ahead bravely and striving selflessly for the people's cause. For this reason, it is worthy of emulation by the vast number of party members, especially those party members who are leading cadres. We also earnestly hope that Ma Shengli and his colleagues will weather any tests in the face of their achievements and honor.

The work of reform is pressing ahead. In this unprecedented great practice, it is inevitable that problems of one kind or another will arise and that mistakes and deviations may even appear. Some people may take the opportunity of reform to seek personal gains and thus commit crimes and become depraved. Others may lose their political bearings and go astray. All these are just exceptions and temporary cases in society. The mighty torrent of the reform of the economic structure in China is bringing up a large number of advanced individuals with distinctive characteristics of our times, like Ma Shengli. With the development of the ongoing reform, there will be more and more such individuals. Their practical work will show from different angles the main trend and direction of reform, thus indicating an enormous vitality. Herein lies our hope for the success of reform and the socialist modernization program. [end reviewer's remarks]

Ma Shengli was a nobody. Nevertheless, it was he who was first in line in April last year to sign a contract to manage the Shijiazhuang city paper mill, a plant with nearly 1,000 staff and workers. This news immediately gained attention in the capital of Hebei Province. Later, this eye-catching person in the news became the plant's director and a close link was then established between the way he exercised his power and the plant's future.

Like the cadres of many enterprises, Ma Shengli used to have a thirst for decisionmaking power. When his wish came true, he did not expect to come face to face with a rigorous test: Should he use the power in his hands to seek private gain or to benefit the society? Should he use his power to fulfill his responsibility and do all he could for the state, or should he play games with the state? While exercising power, should he treat the workers and staff members as masters of the country or act arbitrarily? And so on.

By accumulating a year's experience and carefully observing the situation, Ma Shengli realized that properly exercising the powers authorized by the party and state is an important matter that requires a lot of learning.

**"With Power in Hand, All Changes Must Be Made Without Forgetting the Two Principles"**

In the high tide of urban economic reform in 1984, there was no precedent for individuals like Ma Shengli to contract a medium-sized state plant. Although the masses admired and supported him, some people stared at him dumbfounded and others made ironic remarks, saying that he was "a person craving office."

Yes, 46-year-old Ma Shengli was eager to be an "official" several years ago. When he was deputy head of the capital construction department in 1981, he recommended himself for the post of head of the marketing department and sold all the products long kept in stock. When some people encouraged him to assume the post of deputy plant director, he struck his chest and said: "If I am to assume a post, I want to be a plant director."

The people in the know were not at all surprised at Ma Shengli's attempt to be in power. The Shijiazhuang paper mill, a well-known "impoverished unit," did not deliver 1 fen to the state in 3 successive years but survived on state subsidies totaling 157,000 yuan and always worried about having nothing to pay the workers. Witnessing the miserable state of the factory, Ma Shengli had deep feelings: "The property of our plant totals over 10 million yuan. If this amount is put in the bank, the state can receive annual interest of over 400,000 yuan. It is a shame for some of us to have lived on state subsidies for 3 years! If I take up the post of plant director, I will guarantee earnings of a million yuan for the state every year!"

As soon as the city authorities approved the contract proposal, Ma Shengli began to implement the excellent plan he had prepared for managing the plant. He said: "With power in my hands, I will now bring about quick and good changes in the plant with the same skill as the Monkey King who was good at 72 changes."

Ma Shengli's first move in exercising his powers was to change laziness into diligence. In the past, some people cultivated greedy and lazy habits by eating from the "same big pot" and chose work for their personal advantage. When Ma Shengli took up the post of plant director, he immediately ordered all units to sign contracts and all staff members and workers to set production targets. He said: "My factory is like a restaurant. We welcome sturdy people who can eat and earn money, but we do not provide a big public pot for those who are fond of eating and who avoid work." Ma Shengli's method to eliminate laziness was to link responsibility with benefits: "He who contracts will be responsible; he who is responsible will make efforts; and he who makes efforts will get benefits."

There were three beaters in the toilet paper workshop. In the past, an elderly female worker looked after one, while a young worker looked after two. However, the two received the same amount of bonuses. Full of pent-up anger, the young worker complained to the team leader about the matter: "Although they are older than us, their children are grown up. After work we also have to cook food and look after children. Is it a fault to be young?"

When the elderly worker was asked to look after two beaters, she hastily looked for the team leader to pour out her troubles: "I am so old that I have aching back, legs, and arms all the time. I have done my best to make do with one beater. How can you ask me to look after two?" After calming the elderly worker, the team leader had to coax the young worker. Consequently, the problems became more aggravated.

In the first month of the implementation of the contracted responsibility system, those looking after one beater received a bonus 30 to 40 yuan less than those looking after two beaters. The elder could not sit still any longer. She immediately begged the team leader to give her a chance to look after two beaters: "Let us also gain benefits from the contracted responsibility system."

The lazy became diligent and the diligent had soaring enthusiasm. The problem of assigning tasks to workers, which had troubled the cadres for many years, was finally solved.

Ma Shengli carried out reform immediately after he assumed power. As a result, the long-standing problems under the irrational management system in the past began to change like magic:

"Incompetent personnel" became "competent personnel." The "pearls" buried for many years were unearthed and more than 30 people were promoted to leading posts.

Laxity became seriousness. The practices of drinking wine while on duty and sleeping beside the machines disappeared. Discipline within the plant was strict and everything was in good order.

Poor quality became good quality. The paper, which had been inferior in the past, passed several quality tests and the products marketed at home and abroad were 100 percent up to standard. The "Kitten Ball" brand toilet paper was used in the Tiaoyutai State Guesthouse, marketed in Europe and Asia, and sold well on the international market.

Old products became new ones. In the past the plant manufactured the same six or seven kinds of products again and again. Now it can manufacture tablecloths, diapers, medical tissue, shoe pads, and a dozen other new products. Paper manufactured by the plant expanded from the area of culture to the areas of consumption, hygiene, and health care.

Many changes have taken place under Ma Shengli's management. However, "no matter how many changes he has made, he has not departed from the two principles": Never change in taking the interests of the state into consideration and never change in serving the consumers. Ma Shengli holds that the plant can achieve better economic results and production can develop as long as the consumers feel that the products they have bought are worth the price they paid and can serve their purposes conveniently and satisfactorily.

When Ma Shengli read a newspaper on one occasion and learned that China had more than 300 million children, an idea flashed through his mind: Nowadays each couple has only one child. These children are the future of the motherland. Our plant should also undertake responsibility to ensure their healthy growth. With this tentative idea, a new kind of tissue for children's health care came into being. The tissue was tried out in more than 20 kindergartens in 7 cities, and the results were good. The new product was presented to the children of some cities on Children's Day



on 1 June this year. Ma Shengli knew that the tissue would sell well at the price of 0.4 yuan per packet, but he set the price at 0.25 yuan. He said: "We must not try to profit from the goods in great demand. If the prices are set a bit low, there will be more pressure on the production cost and the plant will have to find new markets for its products."

In 1984, the city authorities assigned a profit target of only 170,000 yuan to the Shijiazhuang paper mill. The plant could retain the whole amount of the profit if the target was fulfilled. However, the former leaders of the plant wanted to bargain and were unwilling to accept the task. When Ma Shengli undertook the contract he promised to increase the 170,000 yuan to 700,000 yuan. Under the management of the new plant director, the achievements in the first year were remarkable. The profits of the whole plant increased to 1.4 million yuan, doubling the figure he contracted. In summary, Ma Shengli said: "When you are a plant director, you must create wealth for the state and society. This calls for changes. But the changes must conform to reason, law, regulations, and discipline. They must never be indiscriminate changes."

The auditing and financial bureaus of Shijiazhuang city verified Ma Shengli's remarks and checked the figures of the plant four times within the year. They reached unanimity in the following conclusion: The profits are all obtained through proper means and are correct.

"Nowadays the Power of Plant Directors Is Like That of a Minor 'Premier'; We Must Help the Premier Manage the Big Family Well"

When Ma Shengli contracted for an annual profit target of 700,000 yuan, he straightened his back and promised to deliver 340,000 yuan to the state. In the first year of the contract, he put an end to the history of delivering nothing to the state for successive years. In a month or so after undertaking the contract, Ma Shengli realized that the targets were being fulfilled step by step ahead of schedule. However, he began to feel uneasy: Ours is a state plant with around 1,000 staff and workers. If we deliver a profit of only 340,000 yuan to the state, how can we compare favorably with the advanced factories? Unexpectedly, the contract he had signed not long ago became his spiritual burden. He consulted on the matter with other cadres and proposed revising the contract and raising the contract targets.

"What?" some people asked in surprise. "The terms of a contract once signed should remain unchanged for 3 years. How can you revise the contract when it has just been signed?"

Ma Shengli replied: "Do you know that our country still has deficits of several billion yuan? If a friend is in need we must try to help him, especially if he is the state."

Someone jokingly asked him: "You speak and think about the state all the time. What do you think you are, the state's premier?" Ma Shengli replied in all seriousness: "Since the enterprises now have decisionmaking powers,

you might say a plant director is like a minor 'premier.' Our country remains poor and it is not an easy task to manage a family of 1 billion people. Plant directors should share the burden on the premier's shoulders and help him to manage this big family well!"

The cadres reached unanimity.

Ma Shengli went to the city authorities the second day and asked to increase the profit targets to 1.4 million yuan and to increase the amount of profits delivered to the state. Taking into consideration that the targets set in the contract must stand, the city authorities refused to make any alteration for fear that it might affect other units that had entered into contracts. Nevertheless, Ma Shengli and the staff members worked energetically according to their own revised plan.

Last September, the plan to implement the second stage reform of substituting tax payments for profit delivery within state enterprise was made public. Although the plant planned to increase the profit targets from 1.4 million yuan in 1984 to 2.8 million yuan in 1985, the plant's retention of profits will drop somewhat and the workers' bonuses will be reduced in light of the new tax system. Some people sighed in despair: "Doesn't this mean that the 1.4 million yuan is earned for nothing?"

Some cadres in the plant questioned every single item of work and phrase in the document and discovered the "new world": It is clearly stated that according to the second stage reform of substituting tax payments for profit delivery, enterprises like ours which originally had small profits need not pay regulatory taxes and can be partially exempted from income tax. In this way our plant can retain an extra amount of 500,000 yuan.

Ma Shengli categorically replied: "No. We cannot live on preferential treatment given by the higher levels. We must deliver a sufficient amount to the state and never leave room for maneuvering or being very calculating." He notified the financial personnel: Never haggle with the higher authorities over the regulatory tax rates and never try to ask for more retention of profits.

A few workers in the plant wondered whether their director had only the state's interests in mind, like one who tries to carry a load with a shoulder pole by lifting only one end of it. Ma Shengli replied: "No, this is not so. I am also for retaining more profits for the plant and more income for the workers and staff, but this must be achieved by working harder and creating more. It is not right to cheat the state and take short cuts." He often gave examples to the workers: If you keep an eye on 100 yuan, you will get only 50 yuan for half the share. If the amount is increased to 1,000 yuan, you may get 100 yuan for 10 percent of the share. "Instead of focusing our attention on petty accounts, we must settle major accounts in the course of development."

Ma Shengli's way of settling major accounts pleased the workers and encouraged them to look far ahead. He proposed a plan to double and redouble the

the profits of the plant within a few years. After drafting the plan, he made it public so as to resolutely cut off the retreat route and lead the workers in marching ahead.

**"In Exercising Power, One Must Rely on Two Major Weapons: Party Leadership and Support From the Masses"**

By the end of last year, an entirely new sort of meeting to question the plant director was held in the Shijiazhuang paper mill. Ma Shengli held this meeting to acquire an understanding of the workers' thoughts and listen to their opinions. More than 100 staff members and workers attended the meeting. They were extremely excited about exercising the right to question the director for the first time. Like a press conference, the meeting was held in a vivid and dramatic manner. The workers freely asked questions one after another.

Luo Qingsen, team leader of the first workshop, asked: Director, the inside floor of the toilet in our workshop is higher than the outside, so urine is overflowing. This has been a long-standing problem. What is to be done?

Ma Shengli replied: This is the responsibility of the capital construction department. Lao Guo, I give you 10 days to solve the matter.

Quo Xingzu, deputy head of the capital construction department, said: No problem.

Bai Wenbin, leader of the water supply team, asked: The amount of water wasted in our plant is appalling. Water is running even when the pulping and stirring machines are not in operation. Director, how is this problem to be solved?

Ma Shengli said: Installation department, please work out a plan to conserve water. Whoever violates the plan should bear responsibility.

Engineer Li Jinshi asked: Director, how certain are you about setting 1985's profit target at 2.8 million yuan?

Ma Shengli said: First, according to market information, there will be a great demand for paper in the coming year; second, the existing equipment of the whole plant has been overhauled and we plan to import two production lines; third, the new products of our plant are cheap and of fine quality and we are now finding new markets for our products.

In the 6-hour meeting, the staff and workers raised 44 questions and Ma Shengli replied readily and fluently. Of these, 14 problems were solved at the meeting, while the rest were explained on the spot or were to be solved by the persons assigned within a specified time.

After the meeting, the workers talked among each other: Our director has great faith in our efforts. We should follow our director and wholeheartedly run the plant well!



Ma Shengli realized that, in the final analysis, the decision made by the state to extend and delegate power to the plants is for the purpose of extending the power of the staff and workers in carrying out democratic management. A plant director is a public servant of the people of the whole country and all workers and staff of the plant. This new recruit among the ranks of plant directors had a profound belief; that is, to be a good plant director and use power well in this land of China, one must never for a single moment lose touch with two magic weapons: leadership of the party and support of the masses.

Ma Shengli regarded the party's principles and policies as the plant's guiding light and his own backbone. In order to ensure implementation of the party's principles and policies, he invited the secretary of the plant's general party branch to attend every operational meeting of the plant. In addition, he always consulted with the general party branch secretary on all matters of importance to the plant. The party organizations also showed their concern for the new plant director in every way. Following the undertaking of the contract, Liu Guangyi, secretary of the party general branch, called on all party members to play an exemplary role in reform. When Ma Shengli wanted to appoint people on their merits, the party general branch secretary offered advice and suggestions. On one occasion, Ma Shengli intended to promote two middle-level cadres. Liu Guangyi and deputy secretary Jia Ping reminded him that one was advanced in age, while the other's education level was too low. Ma Shengli gave up his original idea and selected two other suitable comrades. Ma Shengli often said: It is because of guidance offered by the party organizations that I have been able to promptly correct the mistakes in my work. The reason that I have become an "able and efficient plant director" is because I have an "enlightened secretary" to rely on. The director respects the secretary, while the secretary supports the director. This has become well-known both within and outside the plant. Both the director and secretary vie with one another for better results instead of power and for reform instead of personal gain. Both of them think and work with one heart and one mind.

Ma Shengli had this to say: Party organizations are my support and the masses of workers and staff my root.

In order to take root deep among the masses, Ma Shengli makes it a practice to consult with the workers and staff when something happens. He does his best to get a consensus and the support of all workers and staff in the plant when dealing with anything of major importance. He never holds meetings perfunctorily. If the participants hastily agree with his opinion, he dismisses the meeting, lets everyone think it over, and then holds another meeting. He repeatedly stresses that leading cadres should do their best to make the workers and staff concern themselves with the affairs of the plant. Now even the retired workers are willing to do their utmost for the plant. When told that there would be a shortage of power before the Spring Festival which might affect operation of the plant, Wang Enyu, a retired cadre over 70 years of age, racked his brains to find out a solution. After 3 days and nights he had figured out dozens of measures to save electricity and solved a tough problem for the plant.

The trust shown by the plant director has been answered with a strong response from the depths of the hearts of the workers and staff. Last year, a poll was conducted to find out how the plant felt about its cadres. Ma Shengli won a 100 percent vote of confidence.

The workers and staff warmly support the new director and place their hopes in him. In turn, the new director attracts the workers and staff of the whole plant to himself like a huge magnet. More than 100 workers who had intended to leave the plant in the past are now willing to stay. Some say: We are not going to leave even if the "gate of success and fame" is open to us.

**"To Exercise Power Without Impediment, One Must Have 'Influential Power'"**

The workers and staff remember clearly the "three point pledge" made by Ma Shengli on behalf of the group responsible for the contract at a plant meeting held just after he became the director: "Investigations will be carried out to affix responsibility for the practice of seeking privileges"; "a 100-yuan fine will be imposed on anyone who goes in the back door and uses his power of office to make personnel transfers to or from the plant or makes other special arrangements"; and "the fine will be used as a reward for the first one to expose this practice."

Some workers did not believe their own ears, but Ma Shengli spoke forcefully in explicit terms: "If I break my word, you may criticize me face to face."

A worker stood up and said: "We will not only criticize you, but we will also spit on you!"

"OK! It's a deal."

The workers and staff responded with thunderous applause.

Ma Shengli meant what he said. Last year the plant decided to promote 3 percent of the workers and staff. As soon as the word was out, Ma Shengli was besieged by requests and telephone calls from people seeking favors. He ignored all of them. He said: "I do have the authority to approve promotions of the workers and staff members. I do not have the authority to grant favors. If one is not qualified, his promotion will not be considered even if the favor is sought by the father of the king of gods!"

Someone asked him: "If you overact in this respect, aren't you afraid that the workers will revolt against you?"

He replied: "If I violate the 'three point pledge' and lose the confidence of the workers, they will really rise in revolt against me. Then it would be meaningless to be a director!"

As time went by, a new concept gradually took shape in Ma Shengli's mind. It was the "power of personal influence." He said: "It is true that the

state has given me power, but this does not mean that I really have power or have used it well. Whether the workers and staff realize that I am the plant director and whether I can exercise my power without any obstruction will depend on whether I have the 'power of personal influence.' Only when I am upright and act correctly will my leadership carry prestige, will my words make an impact, and will the masses have confidence in me and issue a 'pass' for me to exercise my power."

Ma Shengli knew very well that the higher authorities can delegate power attached to a post, but cannot delegate "power of personal influence," which must be obtained by setting a fine example. When Ma Shengli became the director, his friends and colleagues asked him to recruit his child for the plant. Some begged him to offer better positions to their children. Although these people had very strong backing, Ma Shengli adhered to party spirit and refused their request. This is how he acquired his invisible and real "power of personal influence." During the year under Ma Shengli's management, no violation of the "three point pledge" occurred and the upright general mood of the plant won public praise.

Ma Shengli, who has been a party member for just 1 year, realized that the "power of personal influence" is extremely pure as well as fragile. He said: "My 'power of personal influence' will be weakened if I have sought personal influence on only one occasion or by hiring one person. If this practice is allowed to exist, I would lose the confidence of all 1,000 workers and staff members. I will also harm party style, plant style, and lose my power." Therefore, Ma Shengli held that to have the "power of personal influence," the most important thing to do is to act in an exemplary way in handling the relations between public and personal interests and to be the first to bear hardships and last to enjoy comforts.

When the plant was discussing promotion on one occasion, many people recommended the plant director and held that he deserved promotion for the contributions he had made. The workers' congress accepted the opinions of the masses and decided to promote the director by two grades. However, Ma Shengli earnestly declared to the workers and staff of the whole plant: "Neither I nor the secretary will be promoted this time." From undertaking the contract to present, he received the plant's average amount of bonus. Over one-third of the workers and staff received more bonuses than the director.

In order to reward Ma Shengli for making a success of the contract, the first light industry bureau of Shijiazhuang city gave him a bonus of 1,300 yuan at the end of last year. Ma Shengli accepted the amount in full, but he had his own way of spending it. He spent 1,000 yuan to pay party membership dues, bought 100 yuan worth of candy to entertain the workers, and donated the remaining 200 yuan to the kindergarten.

Ma Shengli always tries to avoid matters involving money. He has the following reason: A plant director should lead the masses in getting better off through diligent work and should not let himself become well off ahead of the workers. We must not neglect the fact that the director



receives less in pay than the others. If the masses realize that you have no selfish motives, their enthusiasm will be aroused and the plant will be able to attain better economic results. Then a 10 yuan note will be increased to 1,000 and even 10,000 yuan!

"A new emperor brings with him a new court." This had been the fear in the hearts of some of the plant's workers and staff, especially those cadres who were afraid Ma Shengli would seek revenge with his power for their past opposition against him. But no one ever expected that in the beginning days of the practice of the contract system the plant would hear the story that Ma Shengli had placed Sun Wenmin, his former "enemy," in an important position.

During the period when Ma Shengli intended to contract the plant, deputy director Sun Wenmin was strongly against him. Sun Wenmin did not understand the implementation of the contract system with state enterprises. He looked down upon Ma Shengli and went to several departments to lodge complaints against him. However, his accusations were all groundless. After Ma Shengli undertook the contract, many people predicted that Sun Wenmin would be in trouble.

Ma Shengli was also sick of Sun Wenmin. However, he realized that this veteran statistician was quite capable. It would be unfavorable to reform if his role is not brought into play. Moreover, the plant director shoulders the responsibility not to let anyone lag behind in reform. On the second day, Ma Shengli asked the secretary and deputy secretary of the general party branch to accompany him to see Sun Wenmin, who was sick in bed suffering from hypertension.

At this moment Sun Wenmin straightened out his ideas. Just as he was trying to extricate himself from his awkward position, Ma Shengli arrived unexpectedly.

"Lai Ma, I am sorry," Sun Wenmin said with shame.

Ma Shengli replied: "Forget it. I understand you completely. You were also afraid of making a mess of the plant."

Sun Wenmin was deeply moved with these kind and sincere remarks.

"Today I have come for a reconciliation between us." Ma Shengli's light remarks relaxed the constrained and embarrassed atmosphere.

"If you have come for a reconciliation, then I should offer my humble apology," Sun Wenmin said in a grateful, excited, and sorrowful manner.

"I hope that you will recover as quickly as possible so that we can work together and run the plant well. You are still the plant's deputy director and concurrently head of the finance department."

What else could he say? Sun Wenmin, known as a "human abacus," figured out over 30 reform proposals that very night in spite of his illness and happily reported for duty on the third day. Later he also drafted two reform plans concerning financial work which were adopted by Ma Shengli. Now the workers and staff of the whole plant say that Sun Wenmin is the director's "left arm and right hand." Sun Wenmin said time and again: "I am heartily willing to work with Ma Shengli, no matter how tired I am!"

The workers and staff know quite clearly how much Ma Shengli has paid for his "power of personal influence." He has led a life "without Sundays and rest" year in and year out and seldom has the chance even to see his 80-year-old mother and his wife and daughter. Seeing that Ma Shengli worked day and night in the 8 square meter office and bedroom, some workers had an indescribable feeling. They put up a letter of appeal begging their director "to go to bed before 11 p.m., under the supervision of the party general branch."

Everything was quiet in the still of the night. Some workers put cans and quail eggs, others put pastries and fruit, outside Ma Shengli's small room. Some put watermelons on hot summer nights. One morning Ma Shengli opened his door and found a basket of eggs with characters written on some of them. He took out the eggs and put them in a line. Then he discovered the following greeting before him: "Director, take care of yourself."

Ma Shengli's eyes were moist with tears. As a party member and director, he felt that he had enormous strength.

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## DOING WORK IN ADVANCE TO PREVENT CONTRADICTIONS FROM INTENSIFYING

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[Article by Zhu Yan [2621 1484]]

[Text] Viewed from the overall situation, both our economic and political situations are favorable. A favorable situation does not mean that there are no problems. As a matter of fact, within the party, there are still some unhealthy factors and in society problems worthy of our attention still crop up from time to time. A small number of people in one or two localities and units have even made trouble. Party organizations, party-member leading cadres in particular, must keep a clear head toward phenomena which are harmful to unity and stability or to modernization, and must not lower our guard. There are bound to be some shortcomings and some problems to solve in an organ, an enterprise, a school, or an area no matter how well the work is done there. Contradictions always exist. The duty of a leader is to discover and solve problems in good time and to do work in advance to prevent contradictions from intensifying.

Some cadres are accustomed to acting like "an official in peacetime" and are content with having a smattering of knowledge about the work for which they are responsible. In normal times, they are not willing to conduct thorough study to discover where hidden troubles are and what things may cause dissatisfaction among the masses and which timely measures must be taken to deal with them. By the time a lot of problems have accumulated and contradictions have become intensified, they will be frightened out of their wits. They will either shirk their responsibility or act in an oversimplified and crude way and handle the problems perfunctorily. This will cause much harm to the work. Some comrades can still get in touch with realities in ordinary times and understand how things stand at lower levels. However, when they are busy, they will not try to have an overall view of a matter. Even when they see symptoms of unhealthy tendencies, they will not heighten their vigilance but will treat them lightly. Only when disturbances actually occur will they regret their negligence at the beginning. There are other comrades who are neither irresponsible nor lazy. Nevertheless, they lack foresight. They cannot detect in good time a storm which is brewing and will be aware of it only when strong winds are sweeping through the tower. The phenomena mentioned above are different, but they all reflect immaturity in the ideology and art of leadership. They also show to a certain extent the bad bureaucratic habits of these comrades.



Whether or not work can be done beforehand to prevent contradictions from intensifying and to avoid serious mistakes should become an important mark for testing the competence of a leader. A leader who is seriously influenced by bureaucracy and neglects his duties is of course not in keeping with party character or party spirit and will be sternly criticized and even punished accordingly. Likewise, a leader who lacks foresight, who cannot see from small clues what is coming and take precautions, or who is unable to meet an emergency and lacks the ability to handle affairs is not a competent leader either. As we know, any problem follows its course of development and inklings of it can certainly be observed. Objective conditions for solving such problems often exist as well. If we can seriously grasp the indications of a problem and take appropriate measures in good time, we can stop the development of events. Of course, things in the world are complicated. For various reasons, unexpected things may occur from time to time. In these circumstances, a leader must be able to remain sober-minded, judge the situation correctly, and settle the problem properly. This will test his ability to meet an emergency. Speaking fundamentally, his ability in this regard comes from his knowledge of the development of the situation in normal times and his ability to analyze and settle contradictions. "Tending the flock after some sheep have been lost" is certainly not as good as "tending the flock before any sheep is lost," but the efficiency of handling things after the event can still reflect the leader's sense of responsibility and his work ability.

Under the correct leadership of the party central authorities, major and overall reforms of the economic, technological, and educational systems have begun. Party members and the general public all give wholehearted support to the reforms. At the same time, because of some new things and new questions appearing in the reforms, some people do not feel comfortable with the new situation. In order to ensure success in the initial stage of the reforms, party organizations and leading comrades at all levels should seriously consider and formulate the best action programs and should also closely watch the changes in people's thoughts and the development of work in all fields so as to take the initiative in overcoming the unfavorable factors and to promptly discover and solve problems in order to ensure the smooth development of the reforms and the modernization drive. Therefore, they must have a high sense of responsibility and must concentrate their attention and energy on finding out about the whole situation and settling actual problems in a down-to-earth manner. Their work should be more realistic and efficient. They should have a keen sense of perception when observing the situation and the thoughts of the masses. They should pay attention to feedback on various measures from the masses and should always be ready to listen to the voice of the people. Thus, they will be able to promptly deal with problems which have appeared, and remove hidden perils and careless mistakes. If something is opposed by most people in a unit or is apt to stir up extensive resentment, the leader of this unit must be very careful to study the situation and must not recklessly make decisions, conduct unrealistic propaganda, and impose coercive measures. All leading comrades should make efforts to master the scientific method of dialectic materialism and should learn the way to look at things in an all-round way so as to prevent one-sided or extreme viewpoints. The better the situation

is, the more careful we should be in watching the situation so as to take prompt action to remove negative factors, eliminate hidden perils, and prevent the occurrence of distressful events. When studying the situation, formulating measures, and making decisions, they must proceed from the interests of the party and the people and must not merely aim at the immediate and partial interests without regard to the long-term and overall interests. Otherwise, they will attend to one thing and lose sight of another and will harm the overall interests.

CSO: 4004/34

## DOING OUR UTMOST TO STRENGTHEN BASIC EDUCATION

Beijing RED FLAG in Chinese No 15, 1 Aug 85 pp 25-29

[Article by Sun Han [1327 7318]--passages within slantlines published in boldface]

[Text] In the course of studying the "Decision of the CPC Central Committee on Reform of the Education System," we have summed up the experience and lessons gained by Jiangsu in developing education since the founding of the PRC. We have come to the profound understanding that primary and secondary education constitutes the basis of the entire educational cause, which is also a huge project of systems engineering. In order to open up new prospects for every aspect of education in the new period, we must, with the spirit of reform, do our utmost to strengthen basic education.

### I

Since the 3d Plenary Session of the 11th CPC Central Committee, Jiangsu has quickly revived and developed basic education in the province. This year, 64 counties (or cities) have basically fulfilled the requirements for popularizing primary education, and 47 counties and 16 suburban areas under city jurisdiction have basically eliminated illiteracy. Secondary education has been extended. In both primary and junior middle schools, the proportion of students entering schools of a higher grade has increased. Teacher qualifications have gradually improved, and so have educational conditions. Looking back over the development of basic education in the past few years, we feel that in order to achieve greater success in developing basic education, it is necessary first of all to continuously enhance the consciousness of leading party and government comrades at various levels. The unbalanced development of basic education in our province and the presence of numerous problems to a large extent reflect the ideological gap on the part of leading cadres at various levels.

/We must correctly understand the relationship between educational and economic work and fully understand that investment in basic education is an investment that will yield the greatest returns./ Jiangsu has made relatively quick progress in its economic construction despite the adverse effects of certain objective factors. To a large extent, Jiangsu owes this to a better educational foundation and a pool of more superior talents



formed over the years. This is clearly reflected in the uneven economic development in northern and southern Jiangsu. Northern Jiangsu is better off than the southern part of the province in terms of population density, room for development, and natural resources, but its economic development is a whole decade behind that of southern Jiangsu. There are many reasons for this, and a very important reason is that there is a huge gap between the intellectual levels of the two regions. Among 1,000 people of different educational standards, the proportion of people having received a college education or above in the four cities in northern Jiangsu (Xuzhou, Huaiyin, Yancheng, and Lianyungang) to those with the same background in the three cities in southern Jiangsu (Suzhou, Wuxi, and Changzhou) is 37.5 to 100. For senior middle schools (including specialized secondary schools), the proportion is 67.6 to 100. The proportions for junior middle schools and primary schools are 72.1 to 100 and 86.4 to 100 respectively. On the other hand, the proportion for illiterates is 153 to 100. Under conditions of modern science and technology, the level of economic development of a place is mainly determined by the number and qualifications of persons of ability it has. The superiority of a place in terms of human and intellectual resources is essentially the accumulated result of the work of education, particularly basic education, over a long period of time. It can thus be seen that investment in basic education is an investment that will remain operative for a long time and will yield the greatest returns. At present and for some time to come, we must, in our efforts to reform and develop education, actively improve the standards of education in southern Jiangsu, speed up development in northern Jiangsu, and train more and better qualified personnel in order to achieve a new intellectual superiority.

/In order to train more specialized personnel of a high caliber, we must strengthen basic education./ Education is a huge and complicated project of systems engineering, and there is an inseparable inner link between primary, secondary, and tertiary education. The accumulation of knowledge and the cultivation of ability follow the objective law of proceeding step by step. Only those who have laid a solid foundation in primary and secondary schools can proceed to institutions of higher learning for further studies and become specialized personnel of a high caliber. The standard and scale of primary education have a direct bearing on the development of higher education. Only when basic education is carried out well will higher education have an ample supply of students of high quality. The standards of basic education in Suzhou, Wuxi, and Changzhou are quite high. By comparison, the standards are quite low in Xuzhou, Huaiyin, Yancheng, and Lianyungang. In the three southern Jiangsu cities, the number of students enrolling in middle schools and institutions of higher learning is 4.64 persons per 10,000, three times that in the four northern Jiangsu cities. At the same time, education has the distinctive feature of a long cycle. After entering primary school, it normally takes a person 15 to 16 years before he can graduate from university. Youngsters now studying in primary one or two will not become highly specialized personnel until the end of this century. That is to say, the present level of basic education has a direct bearing on the qualifications of various types of specialized personnel at the end of this century and the beginning of the next century. This is where the strategic significance of basic education lies. At

present, some of our comrades are more willing to expend energy and investment on higher education that can produce direct results within a short time than on laying the foundation. This shows that they are short-sighted and know nothing about the laws and characteristics of education. We must proceed from the high plane of the overall situation of conventional education and firmly establish the concept that we must strengthen basic education.

/We must fully understand the "double mission" shouldered by basic education in cultivating qualified persons and the relationship between basic education and the growth of the social productive forces./ While providing higher education with a constant supply of new recruits of a high caliber, basic education must also prepare the foundation for the cultivation of laborers with specific vocational and working skills by various trades and professions. Whether in terms of the scope of development of higher education at the present stage and in the future, or in terms of the rational proportions between senior, middle-ranking, and junior personnel, the task shouldered by basic education in supplying new recruits is invariably rather limited in the quantitative sense. However, the task it shoulders in laying the foundation, that is, in directly or indirectly bringing up laborers, is stupendous. The specific demands are many and varied. Working on the first line of production, laborers constitute the most active leading factor of the social productive forces. It is only through them that advanced science and technology can be transformed into actual productive forces. It is obvious that laborers of different education background perform differently in acquiring production techniques, accepting more advanced technology, and improving their production efficiency. According to an investigation into small-town industries in our province, people with a senior middle school education can operate lathes independently in 2 months, whereas those who only completed their primary education will take about 1 year. The same is true in the case of agricultural and sideline production. The advantages enjoyed by laborers in terms of education qualifications will contribute to the achievement of better results in the process of production. In the future, replenishment of the labor force will mainly come from junior and senior middle school leavers who have specific vocational and technical training. This shows that the quality of basic education has a direct bearing on the quality of laborers.

/We must fully understand the significance of basic education in the building of socialist spiritual civilization./ The school is the place for passing on knowledge. It is also an important base for training socialist new people. Thus, the importance of socialist education is manifested not only in the building of material civilization but also in the building of spiritual civilization. The cultural level is one of the major hallmarks for judging the level of socialist spiritual civilization in a place. Uncivilized phenomena are, more often than not, reflections of a lack of culture and of ignorance and backwardness. In a province like ours, where higher education is not well-developed and where there is a large population, basic education shoulders the important historical mission of eliminating illiteracy, disseminating knowledge, and raising the cultural level of all its people. Of course, the building of spiritual civilization not

only involves the development of culture and education. It also includes the shaping of ideas, ethics, and ways of life that suit the needs of socialist modernization. However, these must be based on a given level of culture and knowledge. Last year, 40 "well-off villages" emerged in the rural areas of Jiangsu. In the practice of economic construction, the cadres in these villages basically freed themselves from the shackles of the conventional mentality of small production and accepted new ideas and concepts that conform with socialist commodity production. This profound change has a lot to do with the educational background of the rural cadres, over 75 percent of whom have completed junior or senior middle school. Without such a cultural foundation, their ideas and concepts could not have been updated so quickly. Also, their mental outlook could not have changed so drastically. There are now over 180 million students studying in primary and middle schools in the whole country. Their ideological consciousness, moral concepts, and mental outlook have a strong impact on the social atmosphere both at present and in the future. In order to bring about a fundamental turn for the better in the general mood of society, raise the level of spiritual civilization in the whole of society, and train and bring up a new generation of people who are educated and who have lofty ideals, moral integrity, and a sense of discipline, we also must strengthen basic education.

## II

In the reform of the educational system as a whole, the reform of basic education constitutes an important link. It is an arduous task that deals with a wide range of issues and involves a lot of work. In accordance with the demands set forth in the "Decision" of the CPC Central Committee and the actual situation on our province's educational front, we hold that our reform of basic education should stress the following three aspects:

/First, we must clearly specify the responsibilities of the province and of each city, county, and township in basic education and implement the principle of placing the responsibility for running and managing schools with the local governments./

Changing the overrigid educational management system and implementing the principle of placing the responsibility for running and managing schools with the local governments in order to fully arouse local initiative is the key to invigorating basic education. The development of modern education shows special features of socialization. Education is not merely the concern of the state and the Ministry of Education. It also touches on different strata of society, and only by rallying the strength of all quarters can we do a good job of running education. For a long time, the state assumed sole responsibility for basic education, a practice which not only encouraged the local governments to become dependent on the state but dampened the enthusiasm of the grassroots units and the masses in running schools. In the wake of economic growth in recent years, the enthusiasm of the grassroots units and the masses in running schools soared in Jiangsu. Considerable financial resources were made available for giving support to basic education. Due to problems with the system itself, however, the



latent capacity of the grassroots units and the masses for running schools cannot be fully brought into play. In the light of this situation, in 1984 our province conducted tests on placing the responsibility for developing basic education with the local governments at selected units. According to this principle, primary and junior middle schools (including junior vocational schools) in the rural areas are to be run by townships (or towns). Ordinary middle schools, vocational secondary schools, experimental primary schools, experimental kindergartens, and teacher advancement schools should, in principle, be run by counties. City colleges of education and secondary normal schools should be run by cities. Specific regulations concerning the management of urban primary and middle schools are to be stipulated by various cities after conducting investigations and study and carrying out tests at selected units. The provincial government should properly run universities and colleges directly under its jurisdiction, support various localities in training teachers and running demonstration schools, and provide the cities, counties, and townships with effective services in their efforts to run and manage schools. Practice shows that the organic integration of basic education with the economic and social development of a locality will strengthen the sense of responsibility and urgency in running basic education on the part of the leadership of various local governments. This will help the masses to gradually cultivate the attitude that receiving basic education is their social obligation. This is also conducive to fully arousing the enthusiasm of various quarters and of the masses in running schools.

/Second, we must pool funds through various channels and provide the necessary material conditions for the development of basic education./

In order to change the practice whereby the state assumes sole responsibility for basic education, it is necessary to pool funds through various channels. This is an important aspect of the reform of basic education. In the last few years, our province has carried out a number of reforms in this connection and achieved satisfactory results. The following are the major channels for raising funds for basic education:

1. A gradual increase in appropriations from the provincial, city, and county governments. In 1984, the educational outlay by the provincial government was 1.7 times that in 1980. This increase in educational spending surpassed the growth in regular provincial revenue. At the city and county levels, financial reserves spent on education were also substantially increased. In a place like Huaiyin, which was faced with financial difficulties, one-third of the financial reserves were spent on developing education. Recently, the provincial CPC committee stipulated that for some time to come, increases in educational outlay at the provincial, city, and county levels should be kept at a level that is above the increase in regular revenue, and that educational spending should be increased in proportion to the number of students enrolled in schools.
2. Raising funds from various quarters in different ways. Funds raised in this way have now become the major source of funds for basic education in our province. They are mainly spent on the improvement of educational

conditions in primary and middle schools and on wage subsidies for teachers of schools run by the masses. In order to ensure the steady supply of such funds and to establish normal fund-raising channels, tests on collecting educational surcharges were conducted at selected units in the rural areas last year. This practice is being implemented in the whole province this year. At the same time, townships are called upon to spend the major part of their revenue on education. The practice of collecting educational surcharges is also being tried out in cities.

3. While ensuring that the quality of teaching is maintained and proceeding from actual conditions, schools are given enthusiastic encouragement and support in running factories and other enterprises within their capabilities. Apart from financing expanded reproduction, income from these undertakings should mainly be spent on improving educational conditions and suitably adjusting the pay and conditions of teachers.

/Third, we must reform the educational concepts, curricula, and methods and improve the quality of teaching in an all-round way./

Through reforming closed, outdated, and ossified educational concepts, curricula, and methods, we must make education better serve the socialist modernization program and train a new type of qualified person that can meet the needs of the new period. We must keep abreast of the rapid development of science and technology, assimilate the new achievements of scientific research, update the educational curricula, and pay attention to compiling teaching materials with local characteristics in keeping with the present state and demands of economic and social development in the locality. Excessive stress on consensus in the curricula and in teaching materials is to be done away with. We must discard the method of cramming and adopt the method of elicitation. In this way, we will be able to arouse the enthusiasm and initiative of students in study, train students in independent thinking, the ability to solve actual problems, and scientific methods of thinking, carry forward the spirit of being bold in exploring and making innovations, and do away with the existing phenomenon of "high marks but poor ability."

### III

The key to the reform and development of education lies in teachers. At present, the contingent of teachers of primary and middle schools in our province falls far short of the needs of the reform and development of basic education. Most of the primary school teachers are teachers of schools run by the local people. There is a shortage of middle school teachers, particularly senior middle school teachers. The shortage of vocational and technical teachers is particularly acute. The percentage of qualified teachers is not high and many of the full-time teachers are not engaged in their own specialty. Thus, training a large number of qualified primary and middle school teachers and raising the ideological and vocational levels of existing teachers will be our most important concern in developing and reforming basic education for some time to come.

/Developing and improving teacher training is the fundamental way to strengthen the building of the contingent of teachers./ In the past few years, our province adopted four measures in this connection: First, the responsibilities of the province, the cities, and the counties for training teachers were clearly defined, with the province mainly assuming responsibility for training senior middle school teachers, the cities mainly training junior middle school teachers, and the counties training primary school teachers. Through years of hard work, a comprehensive teacher-training system has been established step by step. Second, it was clearly stated that teacher training would be taken as the key task in the development of education in the immediate future, and that efforts would be made to improve the conditions of teacher-training colleges of various types and at various levels within 3 to 5 years. The principle of "three priorities" was also put forward: In the allocation of additional educational outlay for the province each year, priority should be given to meeting the needs of teacher-training colleges; in the allocation of investment for educational capital construction, priority should be given to capital construction projects of teacher-training colleges; and teacher-training colleges should have priority in recruiting graduates and post-graduates of relevant special fields of study from other colleges and universities. Third, special measures were adopted to train vocational and technical teachers. A college was specially set up in Changzhou for the training of vocational and technical teachers. Relevant specialties of universities and colleges in general were called upon to shoulder the task of training vocational and technical teachers. Each year, ordinary colleges and secondary technical schools must select and send a number of graduates to teacher-training colleges to attend relevant teaching courses to replenish the contingent of secondary vocational and technical teachers. Upon completion of these courses, they would be considered to have acquired the same qualification as university or college graduates. Fourth, on-the-job training for teachers was strengthened. Colleges of education were set up at the provincial and city levels to train senior and junior middle school teachers respectively. A teacher advancement school was set up in each county to train primary school teachers. In addition, better avenues were provided for spare-time studies through correspondence and radio and television universities, audiovisual education programs, and other means. In this way, a teacher-training network covering the provincial, city, and county levels was formed.

/We must positively improve teachers' pay and living conditions and raise their social status in order to develop a good social atmosphere in which everyone respects education and respects teachers./ This is the prerequisite for stabilizing the ranks of teachers and arousing the enthusiasm of the vast number of teachers. In recent years, Jiangsu has done quite a lot in improving the working and living conditions of teachers. Every effort has been made to help them overcome their problems and dispel their misgivings, thus arousing their enthusiasm. Jiangsu is one of the provinces where there is a great number of teachers of schools run by local people. This group of teachers constitutes an integral and indispensable part of the contingent of rural teachers, and their conditions affect basic education in the whole of the rural areas. Many localities have exerted great



efforts to improve the pay and conditions for teachers of schools run by the local people and to ensure that they all have a stable income. In some of the better-off localities, the wages of teachers of schools run by the local people are on roughly the same level as those of their counterparts in government-run schools. In a few localities, their pay is even higher than that of teachers in government-run schools. In places facing financial difficulties, the wage level has also been steadily raised. In addition, help has been given to dependents of some backbone teachers who wished to change from being agricultural to nonagricultural households. Housing for teachers has also been improved.

In order to develop a good social atmosphere in which everyone respects education and respects teachers, we have, in recent years, adopted a variety of means to repeatedly publicize the idea that education must be respected before we can talk about respecting knowledge and respecting qualified people. Last year, a "respect-your-teacher" week was unfolded in the whole province. In many places, the cadres and the masses were mobilized to perform good deeds for teachers. Old teachers with 30 years of teaching experience were presented with certificates of honor, and a large number of advanced and model teachers were given citations. The provincial government also approved the appointment of 58 special-grade teachers. This year, in celebrating the first teachers' festival, party and government institutions and departments at various levels were called upon to do a number of concrete things for teachers before and after the festival and to create a fine social environment for teachers so that they would engage in educational work with a light heart.

The ideological and vocational levels of teachers determine the quality of education. Thus, in reforming and developing basic education, we must set strict demands on primary and middle school teachers, arouse their political zeal, and enhance their enterprising spirit and sense of responsibility so that they will be worthy of their honorable title of "engineers of the human soul," be paragons of virtue and learning in passing in their knowledge and cultivating people, and dedicate themselves to the socialist educational cause. Teachers must strive to acquire vocational knowledge and learn educational theories and raise their professional level. They must step up their study of political theory, cultivate noble moral integrity, and continuously raise their ideological level. They must also study the psychological and physiological traits of students, scientifically carry out ideological and political work among students, pass on scientific and cultural knowledge, and train students in the ability to analyze and solve problems.

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## CURB IRRATIONAL CHARGES, LIGHTEN THE PEASANTS' BURDEN

Beijing RED FLAG in Chinese No 15, 1 Aug 85 pp 30-31

[Article by Jing Ping [2529 1624]]

[Text] For the last few years, the Central Committee has stressed the reduction of the peasants' burden. However, some regions and departments have not only failed to take any effective action to resolve the problem but have actually, using all sorts of names, implemented arbitrary charges thus increasing the burden on the peasants.

The increased burden on the peasants is mainly manifested in the following aspects: 1) The number of projects has increased. Peasants are being asked to contribute funds for things which should not be funded with peasants' money. For example, in the provincial capitals, peasants are being asked for funds to build gymnasiums, to run schools, and to outfit specialists. Some departments are setting up organs in the villages, increasing their staff, and expanding services. However, they do not provide any money for this. They have the peasants spend money to build houses for them, and equipment for them, and train their staff. Thus the indiscriminate imposition of charges is an improper shifting of burdens onto the peasants, but it is being popularized by some departments as a good way to solve the problem of insufficient funds. 2) Amounts have increased. For things which previously only required 1 yuan, the peasants are now being asked for several yuan. 3) The method for apportioning charges is irrational, as it is generally still done on a per capita basis or on the basis of the number of mu. Some compensatory service projects were originally set up on the basis of payments being made by those who made profits. However, some departments, to simplify matters, have levied uniform charges. The major reflection of this problem though is seen in the actions of departments responsible for purchasing agricultural and sideline products, as they force the peasants to accept discounted purchase prices.

At present, many of the departments levying charges on peasants and increasing the load on peasants are high-level ones. Although everyone says that the burden on peasants should be reduced, each department stresses the importance of its own work and its own lack of funds. Each department agrees that other departments should reduce their charges, but does not

agree that it should reduce its own charges. The result is that nobody reduces their charges. One department says that it only charges each peasant 1.8 yuan, and another department says it also only charges each peasant 1.8 yuan, but if all departments charge this amount, how will the peasants be able to stand it!

The major factors accounting for the heavy burden borne by the peasants are as follows:

1. Some comrades' mass viewpoint is hazy. In doing things and thinking about problems, they do not proceed from the needs of the peasants, and do not concern themselves with the well-being of the masses. They only think about their own department's needs.
2. Some comrades lack a thorough understanding of the actual situation in the rural areas. They overestimate the degree of the peasants' prosperity. They think that all the peasants have become well off and thus they think up schemes by which to obtain the peasants' money.

Since the 3d Plenary Session of the 11th CPC Central Committee, the revival and development of our nation's rural economy has been quite rapid. The income of peasants in the majority of areas has gradually increased and they have a bit more money in their pockets than they had in the past. However, the number who have really become rich is small. A representative survey has shown that in areas where average per capita income is 350 yuan the number of households with a per capita income of less than 200 yuan accounts for one-fifth to one-quarter of the total. One 10,000 yuan household can boost the average income of a whole village by quite a bit. Thus, per capita income does not reflect the wealth of every household. We cannot determine the peasants' burden on the basis of the ability of high-income areas or high-income households to handle burdens.

3. As the situation improves, some comrades get hot-headed too easily. They desire to arrange this or that on a large scale. However, because they are used to doing things by simply issuing administrative orders, they implement policies for the peasants in an egalitarian and indiscriminate way and engage in formalism. Some areas do not pay attention to objective conditions and require "every village to make arrangements for a kindergarten, an old people's home, and for a people's militia club." This is just one case in point.

When we do things in the rural areas, in all cases we must proceed from the actual situation and take into consideration the load which the peasants can bear. In socialist construction, the peasants should make their contribution. However, the relevant departments, in their relations with the peasants, should adhere to the principles of taking what is rational, setting limits on what is taken, and taking correctly.

The so-called "taking what is rational" means that the departments must do things strictly in accordance with the policies stipulated by the party Central Committee and the State Council. Departments, units, and



individuals are not allowed to just go their own way, increasing the burden on the peasants as they wish. The grassroots level has the right to refuse unjust burdens and the peasants have the right to refuse payments. The so-called "setting limits on what is taken" means that the amount of the peasants' burden must be decided in accordance with the specific situation of each area. The reason, the standards, and the limits must be clearly set down, and it is not permitted to increase charges at each level. Some areas have stipulated that the total burden of the peasants cannot exceed 5 to 7 percent of the peasants' net income in that year. It appears that the results of this stipulation are good and it seems an appropriate system. The so-called "taking correctly" requires first that the mass line is adhered to. Before taking any money or goods from the peasants it is necessary to talk with them about the reasons it is being taken and, through discussions, to obtain their approval. We must not do things by force if the masses are unwilling or do not have the ability to do certain things. At the same time, we must bring into play the role of the people's congresses at village and county levels in deciding, through consultations, and controlling those things the masses are to shoulder and in supervising the expenditure of all funds. Second it requires that the methods by which burdens are shouldered be revised. We must adhere to the principle whereby the departments which make the plans and arrange a project, pay for it. They must not demand payments from the peasants to fund their projects. Also, we must adhere to the principle of the ones who obtain benefits being the ones who should pay. We must change the method whereby charges are made equally on a per capita basis or based on the amount of land held.

The reduction of the peasants' burden is an urgent demand by the rural masses. This also has an important role in strengthening the relationship between the party and the peasants, in maintaining the enthusiasm of the masses of peasants and in developing the very good situation in the countryside. We have reached a stage where the problem must be resolved. All regions and all departments must take serious measures to sort out and investigate the burdens they place on the peasants. Those charges which violate the policies and regulations of the Central Committee must be firmly eliminated. Also, inappropriate levying methods must be changed. Only in this way will it be possible to really resolve this problem.

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## A STUDY OF THE REFORM OF THE URBAN CONSTRUCTION STRUCTURE

Beijing RED FLAG in Chinese No 15, 1 Aug 85 pp 31-33

[Article by Li Mengbai [2621 1125 4101] and Zhang Yuanduan [1728 0337 4551]]

[Text] As the reform of the urban economic system picks up speed, urban construction is faced with a new and developing situation. Following the invigoration of enterprises, the financial resources of the state, the enterprises and the individuals have steadily increased and the livelihood of the urban population has gradually been improved. Consequently, the construction of houses, cultural and recreational facilities, and other types of service facilities will increase. Technical transformation and the expansion of productive capacity by enterprises will place demands for more water, gas and heat supplies and better road and transport facilities in the cities. In the cities opened to the outside world, particularly the 14 open cities along the coast, the need to strengthen the infrastructure construction and other types of service facilities is even greater. Major efforts must be made to reform the urban construction system to meet the needs of the new and developing situation.

For a long time in the past, we practiced an ossified system in our urban construction, a system which hampered economic growth to a certain extent. The main manifestation was the existence of barriers between different departments or regions, with each unit going its own way. Many projects were not carried out in accordance with urban planning, with the result that the urban structure, layout, and functional divisions all became unreasonable. Construction plans were divorced from urban planning, and economic construction and construction relating to the urban infrastructure were not well coordinated. The organic entity of the city was "dismembered," leaving a whole string of aftermaths behind. We paid attention to the social functions of projects but overlooked the economic functions of urban construction and handled urban housing and infrastructure construction as social welfare undertakings. Charges for products and labor were set at too low a level. Housing construction was sluggish. Many urban public utilities were running at a loss and lacked vitality in operations and development. Allocation for urban construction investment was unreasonable. More attention was paid to investment in industrial development and investment in urban construction was squeezed. The urban infrastructure was incomplete and of a low standard, and fell far short of the demands of a growing economy and improved living standards.

In order to reform the system of urban construction management, we must eliminate the defects of urban construction, invigorate urban construction and see to it that urban construction can develop simultaneously with economic growth and the improvement of people's livelihood. We must also see to it that cities, particularly large and medium-sized cities, can truly play their central role.

The reform should mainly include the following aspects:

1. Reform the work of planning and fully bring into play the role of urban planning as a form of overall guidance.

The "Decision of the CPC Central Committee on Reform of the Economic Structure" pointed out: "After the functions of government and enterprises are separated, the central role of cities must be brought into full play and open and interconnected economic zones of various sizes gradually formed with support from cities, the large and medium-sized cities in particular." To meet this new need, urban planning, as the blueprint for urban development and the overall construction program within a given period, must reasonably set the targets of economic and social development within the urban planning zone, guide economic construction and the building of cultural establishments and public utilities, and ensure the orderly and well coordinated development of cities. It must also take into comprehensive consideration the economic and social development within the economic zone covered so as to provide better guidance.

The limits of urban planning should no longer be confined to the urban and suburban areas. Counties in city outskirts and the major social and economic questions of the entire economic zone must also be taken into consideration. In this way, we can spread out various types of urban enterprises and facilities and have room for maneuver. Only thus can we truly bring about the integrated and coordinated development of urban and rural areas.

The work of planning should not be left entirely to the urban planning department but must have the participation of departments in charge of planning and economic affairs in the cities. This will enable us to have a better grasp of the pulse of urban economic development, so that urban planning can guide the coordinated development of the economy. This will also help solve the long-standing problem of the discrepancies between a specific plan and planning and ensure the solemnity and smooth implementation of planning. Of course, no matter how many departments take part in planning, it is impossible to foresee all the changes that will occur in economic and social development during the entire planning period. This is particularly true at a time when the economy is growing at a high speed. It is thus necessary to revise planning regularly (say once every 5 years) in order to ensure the rationality of planning, so that it will promote rather than restrict economic development. In building new cities and towns and new urban development areas, we may, under the guidance of the overall economic and social development plan, practice the so-called "rolling-type" of construction planning which embraces a broad and long-term



view and provides for construction stage by stage. This will keep us from plunging into grandiose but impractical plans and making mistakes.

In the present-day world, science and technology are developing rapidly and urban construction is advancing by leaps and bounds. To meet the needs of the developing situation, planning personnel must broaden their horizons, familiarize themselves with changes in economic, social, and scientific and technological development, and extensively assimilate new knowledge of science. At the same time, it is necessary to strengthen the contingent of planning personnel, increase the number of qualified people, particularly people specializing in construction and urban planning, and people who have specialized training in economics, sociology, ecology, and geography. In short, there must be a new change from the composition of knowledge on the part of the planning personnel to the specialty mix of the contingent of planners.

## 2. Energetically promote the comprehensive development of urban construction.

One of the major and long-standing problems with the system of urban construction management is that because of the barriers between different departments or regions, investment and materials were allocated to individual departments and construction was carried out separately. This is an important cause of the unreasonable layout of cities, the lack of a complete system of infrastructure facilities, and poor economic, social, and environmental protection results. In order to put an end to this situation, we must promote comprehensive development and the construction of support facilities. This can be done by formulating comprehensive development plans under the guidance of urban planning. The city government will see to the unified requisition of land and construction units will assume overall responsibility for construction. In accordance with the principle of "substructure first, superstructure second," they will, in a unified way, construct support facilities such as water supplies, sewage, roads, communications, and power, gas and heat supplies that constitute the urban infrastructure, and build houses and other types of public utilities. Afterward, these will be sold or rented to units or individuals. Meanwhile, after unified requisition and clearance of land and doing a good job of "seven-through and one-level" [qi tong yi ping 0003 6639 0001 1627], the city government may charge the units using the land in accordance with the standards set for different regions and sections and the size of the land. The units using the land may then carry out construction in accordance with the requirements of urban planning. In this way, we will be able to do away with the barriers between different departments or regions, change the small handicraft mode of urban construction that has taken shape over the years, and march toward the large-scale socialized construction of modern cities. At present, many cities have adopted the method of comprehensive development with support facilities in the construction of housing estates, and have had satisfactory results. In the future, we should step by step increase the scope of such construction. We should, as far as possible, practice the method of comprehensive development in the transformation of old cities and in the building of new cities and towns, industrial and

mining areas, residential areas and tourist spots, particularly in the construction of new areas in the open coastal cities.

3. Gradually put urban housing construction on a commercial basis and run public utilities as enterprises.

Urban housing is an important issue that involves a lot of work, deals with a wide range of questions and has a bearing on the improvement of people's livelihood and social stability. The solution of the problem of urban housing lies in commercialized housing and encouraging the workers and staff to purchase flats. Only in this way can we change the previous practice where housing for workers and staff came under the unitary ownership of the state (public ownership) and was simplistically treated as social welfare facilities. Housing construction can thus be invigorated. In recent years, some cities began testing the method of subsidized flat sales, which proved an effective way to boost housing construction. In line with the practice of commercialized housing, it is necessary to reform the rent system. The present level of rent on worker apartments is too low. Rentals cannot even cover the maintenance of existing flats, to say nothing about providing funds for housing construction. The rent system should thus be reformed step by step. In the development of housing construction and public utilities, care must be taken to protect the interests of the consumers and to arouse the enthusiasm of the producers. The reform of the rent system involves the question of wage reform. In order not to place a heavier burden on the workers and staff, we should adopt a variety of transitional methods and pay attention to coordinating with the wage reform.

Urban public utilities should be reformed and run as enterprises. For a long time, urban public utilities were regarded as welfare facilities. No economic accounting was carried out and all losses were made good by the state. This deprived the public utilities of the ability to expand reproduction, so that they were unable to carry out expansion programs without state investment. The way to reform this practice is to manage these urban public utilities as enterprises. The method of the compensated use of funds should be gradually introduced in the construction of urban facilities, such as large bridges, tunnels, superhighways, and sewage networks, particularly if these were financed by loans or pooling of funds. For example, suitable charges may be levied to maintain simple reproduction and expanded reproduction. With some public utilities, the main thing to do is to rationally readjust the price of products and service fees. To begin with, the problems of perverted pricing and excessively low charges must be solved. While protecting capital investment and securing a small profit, we should strive gradually to rely on our own strength to carry out some expanded reproduction.

4. Try by all ways and means to open up new sources of funds and ensure that there are necessary funds for urban construction.

The spirit of reform is also necessary in raising funds for urban construction. The present state of affairs is as follows: First, state appropriations are rather limited. Second, the practice of setting aside 5 percent

of industrial and commercial profits for use as capital still has not been put into practice in many important departments (such as the departments of railways, communications, posts and telecommunications, civil aviation, and military industries). Third, urban infrastructure has incurred huge outstanding debts. The existing revenue of cities is not even enough to cover the costs for the maintenance of public utilities, to say nothing about financing new projects. In order to change this situation, we must exert our efforts in two respects: First, we must raise funds rationally by mobilizing all positive factors in society that can be mobilized so that everyone can contribute his share toward urban construction. For example, urban public facilities outside newly built enterprises may be financed in part by the enterprises concerned, with the projects being incorporated into the urban construction plan and the city's total budgetary estimates, and built under the unified leadership of the city government. Since the technical transformation, extension and rebuilding of enterprises will increase the load on urban public utilities, the enterprises in question should be made to pay for the use of these facilities. These are reasonable charges and should not be called "unjustified charges." The methods of calling on units using the facilities to raise funds, letting units and residents using the facilities raise capital by floating shares, and drawing investment from all trades and professions in the whole country, from rural specialized households and from economic combines for the construction of urban public utilities should be adopted. On the question of ownership, particularly the right of management, operation by the state, the collective and the individuals should be allowed to exist side by side. Second, it is most important that there must be normal and stable sources of funds. For example, it must be guaranteed that the urban construction tax to be received after the second step of the reform to replace the delivery of profits by tax payments will exceed the amount of the three charges presently paid and the 5 percent profits drawn. Urban gas and water supply, road and bridge construction, public transport, central heating facilities and other urban public utilities that fall into the category of urban energy and transport construction projects should be incorporated into state and local capital construction plans and accorded priority.

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## CHANGES IN EXCHANGE RATES AND THEIR IMPACT ON THE ECONOMY

Beijing RED FLAG in Chinese No 15, 1 Aug 85 pp 34-37

[Article by Wu Nianlu [0702 1819 7627]]

[Text]

### I

In developing economic, technological, and cultural exchanges with foreign countries, we generally have to effect a means of international payment. This poses the issue of converting the currencies of different countries. The exchange rate is a ratio at which the currencies of two countries may be traded. It is also the price of a country's currency reflected by another country's currency. In converting the currencies of two countries, we should first decide which country's currency should be used as the standard. This gives rise to two conversion methods: If a country's currency is converted on the basis of 1 unit or 100 units of a foreign currency, it is called a direct quotation exchange rate, which is adopted by most countries in the world, including China; if a foreign currency is converted on the basis of 1 unit or 100 units of a country's currency, it is called an indirect quotation exchange rate, which is the case with the pound and the U.S. dollar. Because currency exchanges are generally made through a bank, each currency has its own buying and selling prices. For example, on 10 May 1985, the exchange rate of renminbi to the U.S. dollar announced by the State Administration of Exchange Control was 284.51/285.93 yuan. The former is the price at which banks bought U.S. dollars, while the latter is the price at which banks sold U.S. dollars. The difference between the buying and selling prices is due to the exchange acquisition of banks.

What is the basis for determining exchange rates?

Under different currency systems, there are different factors determining the exchange rate.

Prior to World War I, under the system of gold standard, the circulating legal tender was gold coins, and the gilt-edged securities and banknotes issued by a country could be freely converted into gold. The exchange rates of the currencies of two countries were mainly decided by the gold content ratio between the two currencies. Although exchange rates fluctuated at that time, the fluctuation range was limited to the transport charges for

gold carried between the two countries and the insurance premiums. This range was known as the transporting point. If the fluctuation of exchange rates exceeded this range, the international payment would be made by direct gold transport until the exchange rates resumed a normal level.

Since the collapse of the system of gold standard, gold has ceased circulating and been replaced by paper currencies. Although the paper currencies of countries are generally based on gold content clauses, these clauses are often nominal and the currencies cannot be unconditionally converted into gold. At present, not only is the fluctuation of exchange rates more frequent than before, but also its range is much wider. After World War II, relying on its wealth accumulated from the war, the United States established a fixed exchange rate system centering on U.S. dollars through the International Monetary Fund. The Bretton Woods Conference convened in New Hampshire, USA, in April 1944 stipulated: The official price for every ounce of gold is \$35; the official exchange rates of U.S. dollars should be determined by the ratio of gold content between the unit of currency of a member-state and the U.S. dollars. The official exchange rates of its member-states to U.S. dollars should not be changed without the approval of the International Monetary Fund. The fluctuation range of spot exchange rates should not exceed 1 percent of the par exchange rates. These stipulations were, in fact, designed to peg the exchange rates of the currencies of other countries to U.S. dollars, so as to equate U.S. dollars with gold and make it a world currency. Later, with the unbalanced development of its capitalist national economy, the United States became unable to maintain the stipulated fluctuation range of exchange rates and the official price of gold at \$35 per ounce. The rush to sell U.S. dollars in large quantities and the panic buying of other currencies and gold often occurred on the exchange markets in the West. In August 1971, the U.S. Government announced that it would stop exchanging gold at the official price. In December 1971 and February 1973, U.S. dollars were depreciated against gold. From then on, the currencies of other countries no longer had fixed exchange rates with U.S. dollars, and the fixed exchange rate system centering on U.S. dollars was proclaimed dissolved.

After 1973, the fixed exchange rate system was replaced with a managed floating exchange rate system, and the factors affecting the changes in exchange rates became more complicated. Nevertheless, the exchange rates of countries are still confined to a certain scope rather than floating boundlessly. There is still the restriction of an internal and fundamental factor--the actual value represented by the currency of a country. Of course, in reality, there are still more factors which can affect the changes in exchange rates, just like many factors can influence commodity price fluctuations around the commodity values. It is generally believed that the main factors affecting the exchange rates are the balance of international payments, inflation, changes in interest rates, and speculation, among others.

The balance of international payments refers to a balance between the gross revenue and expenditure of a country's foreign trade and nontrade in a given period. If revenue exceeds expenditure and there is a favorable balance, it shows that other countries' demand for the currency of the country with a

favorable balance has increased. Because demand exceeds supply, the exchange rates of the currency of the country with a favorable balance will increase. On the other hand, if there is an unfavorable balance in a country's international payments, because the supply of this country's currency exceeds its demand, the exchange rates of the currency of the country with an unfavorable balance will drop. For example, during the period from 1975 to 1978, the current accounts of the U.S. international payments changed from a favorable balance of \$18.1 billion to an unfavorable balance of \$15.4 billion, while Japan's current accounts registered a change from an unfavorable balance of \$0.7 billion to a favorable balance of \$17.5 billion, and the favorable balance of the Federal Germany's current accounts developed from \$4.1 billion to \$9.2 billion. In this period, the exchange rates of the U.S. dollar to the yen and mark dropped by 29 percent and 22 percent respectively.

Inflation is an outcome of currency circulation. When currency is over-issued and the circulating currency exceeds the demand of social products, price hikes will occur. A decline of the purchasing power of a country's currency on its domestic market will surely result in its depreciation against foreign currencies, thus affecting its exchange rates. The inflation rate of each country affects its exchange rates.

The interest rates of each country has a direct bearing on the international movement of short-term capital and can regulate the exchange rates. When a country increases its interest rates, it can promote the inflow of foreign capital, thus increasing the demand for this country's currency as well as the exchange rates. On the other hand, if a country lowers its interest rates, it will cause an outflow of capital and a possible drop in exchange rates. Since the 1980's, the United States has maintained high interest rates; the prime rate of all its major commercial banks was once raised to a record high of 21.5 percent, thus attracting an enormous inflow of foreign capital. This is one of the important reasons why the exchange rates of U.S. dollars has remained strong in recent years. Therefore, international financial circles are now attaching growing importance to the impact of international capital movement on exchange rates.

Speculation is also a factor aggravating exchange rate fluctuations. Since the floating exchange rate system was adopted, speculation has become more and more frantic. Whenever there is a turbulent political situation, a change in foreign trade and currency policies, or even rumors, speculation will be touched off, resulting in great disturbances on foreign exchange markets and major ups and downs of exchange rates.

Paying close attention to the changes in the main factors affecting exchange rates and promptly mastering the flotation laws of various currencies and their developmental tendencies are of great significance to our doing well the work of foreign economic relations and trade. In carrying out import and export trade, a certain period of time from negotiation to delivery payment is always needed. In import, we should consciously choose a currency with a downward floating tendency to mark prices and make payments, while choosing a currency with an upward floating tendency in export. By



doing so we can reduce the loss brought about by exchange rate risks and increase the economic effectiveness of import and export trade. The foreign exchange reserves of our country are all in foreign currencies deposited in foreign banks in the form of savings or securities. Fluctuations in the exchange rates of the Western countries' currencies have a direct bearing on the actual value of the foreign reserves of our country. By earnestly analyzing the changes in the exchange rates of the Western countries' currencies and their developmental tendencies and constantly readjusting the ratios of various currencies in foreign reserves, we can maintain the actual value of the state's foreign reserves.

## II

Changes in exchange rates have different impacts on each country's economy. It mainly depends on the following conditions: 1) The degree of a country's opening up to the outside world. If a country has opened up to the outside world to a great extent, its economic development heavily relies on external conditions and its import and export trade accounts for a large proportion of the gross national product. Changes in exchange rates will have a great impact on the national economy of such a country. Otherwise, the impact will be smaller. 2) The diversification of a country's export goods. Changes in exchange rates will have a great impact on the economy of countries with unitary export goods structures, but a smaller impact on the economy of countries exporting diversified goods. 3) The degree of contacts with the international financial market. As countries having close contacts with the activities of the international financial market participate in various foreign exchange dealings which often involve large sums of money and involve much circulation, changes in exchange rates will have a great impact on the economy of these countries. If such is not the case, the changes will have a smaller impact. 4) The convertibility of the currency. This does not refer to the conversion of notes into gold, but rather, means whether the currency of this country can be converted into other currencies without any restrictions in settlement of trade and nontrade affairs and capital movement. If the currency is not subject to restrictions, it is called a convertible currency. Because convertible currencies are often converted into other currencies, changes in exchange rates have a great impact on those countries with convertible currencies but a smaller impact on countries with nonconvertible currencies. Currencies like the U.S. dollar, the pound, the Deutsche mark, the Swiss franc, the yen, and others, are not only convertible currencies, but are the main world currencies and currencies of international reserves. Therefore, impacts of the changes in exchange rates on these countries are particularly obvious. In addition, as the policies and measures of any country on economic intervention and foreign exchange control are different, the effects and impacts of exchange rates on the economy of each country are also different.

Generally speaking, the impact of changes in exchange rates on the economy are demonstrated in the following:

1. Impact on import and export trade. The stability of exchange rates is conducive to the development of international trade. If exchange rates are

not stable and fluctuate from time to time, the risks in international trade will be enhanced, for traders cannot accurately calculate the costs and returns of the import and export trade. Under given conditions, if exchange rates go down, it is favorable to a country's export but unfavorable to its import. Conversely, if exchange rates go up, it is unfavorable to a country's export but favorable to its import. In general, expanding exports by adopting measures to greatly depreciate the currency of a country can substantially lower the prices of its commodities as denoted in foreign currencies, so as to enhance the competitiveness of a country's export goods on international markets. However, whether the anticipated results can be achieved after depreciation, how much the export trade will increase, and what the impact will be on the import trade are still subject to many other factors. If, after depreciation, there happens to be a worldwide economic recession and the international market is stagnant, or if the demand for export goods is not elastic, the country which has depreciated its currency not only cannot increase the quantity of its export goods but will also have reduced export returns.

2. Impact on capital flow. Stability of exchange rates can ensure that foreign investors realize their anticipated profits and is conducive to the development of capital flow. In a country with a convertible currency, when there is a heavy slump in the exchange rates of the domestic currency against foreign currencies, in order to prevent a loss, holders of the domestic currency or foreign investors divert their money into other countries by converting the domestic currency into other stronger currencies or by purchasing foreign securities. This results in an outflow of domestic capital and, very often, an unfavorable balance of international payments, which in turn spurs on the exchange rates to continue dropping. Conversely, if the exchange rates of the domestic currency go up, the situation will be the reverse.

3. Impact on nontrade revenue and expenditure. When exchange rates fall and the domestic price level remains unchanged or does not increase much, the purchasing power of foreign currencies will correspondingly strengthen. Foreign tourists can convert the currency of their country or other countries into more currency of the country in which they travel. Thus, the commodities and labor services of this country will be relatively cheaper, which will promote the development of its tourism and will also increase its other nontrade revenue like overseas remittance. If the exchange rates go up, the opposite will be the case.

4. Impact on commodity prices. When the exchange rates of a country's currency float downward, the prices of imported goods denoted in the domestic currency will rise, with the result of spurring on a price increase in similar domestic commodities. If the imported goods are put into production as the means of production, it will give rise to an increase in production costs and also bring about a general rise in the prices of other commodities. When the exchange rates of a country's currency float upward, the prices of imported goods will fall, with the result of spurring on a price decrease of the similar domestic commodities and other commodities. In countries with convertible currencies, when there is an enormous influx

of foreign capital in pursuit of a favorable exchange rate, the central banks of these countries will be forced to put more money into circulation to absorb the influx of foreign capital. This will aggravate inflation and result in price hikes.

5. Impact on international economic relations. Because the currencies of some developed countries serve reserve and major currencies, changes in the exchange rates of these countries have a great impact on the economies of the developing countries. For instance, when the U.S. dollar first depreciated in 1971, Iran's loss in petroleum revenue amounted to \$0.27 billion. In recent years, due to the influence of the U.S. dollar's big increases in exchange rates and high interest rates, the debt burdens of the developing countries are ever increasing, thus intensifying the problems between the developed and developing countries. Turbulence on the foreign exchange markets can also aggravate the problems among developed countries. In March 1979, the countries of the European Economic Community established a "European monetary system" and set up "European currency unit" to contend with U.S. dollars. In recent years, the exchange rates of U.S. dollars have frequently fluctuated, with a great impact on the economies of other Western countries. Therefore, they often attack the Reagan administration's policies of high interest and exchange rates.

To sum up, we have learned that exchange rates should be rationally readjusted along with the changes in domestic prices, balances of international payments, exchange rates of foreign currencies, and so on. Meanwhile, we should also note that their impact is both comprehensive and complicated. It should be pointed out that exchange rates are integrated with many other factors to jointly exercise influence on the economy. If we regard the comprehensive effects produced by various factors as results entirely brought about by exchange rates in analyzing questions, we will tend to take a one-sided viewpoint. For instance, in light of renminbi's present exchange rates against foreign currencies, the losses of some units engaged in production and the export trade in our country are caused by many factors. In fact, any factors increasing domestic costs and decreasing foreign exchange revenue can raise conversion costs and result in losses. Factors affecting conversion costs can be classified into two categories: First, external factors in links for sales abroad; second, internal factors in areas like production, purchasing, transportation, storage, and so on. In the final analysis, it is determined by the technological level of production enterprises and foreign trade units and the level of their operations and management. If production enterprises and foreign trade units can constantly raise the technological level and product quality, improve operations and management, strengthen economic accounting, and reduce production and operational expenses. Stressing mastering the quotations and information on the international markets and preventing the currency's exchange risks, the conversion costs of exported goods can be lowered and the problems of losing money can be eased or even solved. Of course, it also involves issues like the domestic price system, taxation, and more. In solving the problems of losing money, we should not just pin our hopes on readjusting the exchange rates; instead we should make great efforts in many fields to reduce conversion costs. In recent



years, because some developing countries have formulated more feasible development plans, they have basically kept their exchange rates stable and provided favorable environments for foreign investors. The growth range of their exports is now big and their international payments balanced, thus promoting the steady growth of their national economy and a benign economic cycle. However, some other developing countries are still burdened with heavy debts, the balance of their international payments is growing worse, and their currencies have repeatedly depreciated, thus forming a vicious cycle. Both the positive and negative experiences of these developing countries can be used for reference.

Our country's economy is a planned commodity economy based on the socialist public ownership. Opening up to the outside world is a long-standing policy of our country. Renminbi is not a convertible currency. The price system of our country does not maintain close ties with the price system on the international markets. At present, the levels of production, technology, and management in our country are relatively backward and labor productivity is not yet high. In light of our national situation, the exchange rate policy for renminbi should generally uphold the principles of contributing to exportation while taking account of importation, and contributing to the use of foreign capital while taking account of nontrade, keeping the balances relatively stable. We should examine the level of exchange rates from the angles of promoting economic development and achieving the biggest possible macroeconomic results. The exchange rate policy must be established on the basis of careful investigation and research and stringent scientific demonstrations. Its implementation must be coordinated with the economic means and measures like credit, interest rates, finance, tax revenue, and so on. Only by so doing can we better expand our country's foreign economic relations and accelerate the process of our country's socialist modernization drive.

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## ON 'THE HINDSIGHT OF A ZHU GELIANG'

Beijing RED FLAG in Chinese No 15, 1 Aug 85 p 38

[Article by Shen Yingxuan [3088 6601 6693]]

[Text] In the minds of the people, Zhu Geliang was a man who, with his understanding of astronomy and geography and his sagaciousness and resourcefulness, was able to predict things with great accuracy. His skill lay in his prophetic foresight. Thus, when a person is spoken of as "having the hindsight of Zhu Geliang" it is a satirical way of saying: What skill is involved in knowing about something after the event?

Of course, in our lives we encounter people who are experts in irresponsible and sarcastic remarks. For example, in reform, when things are going along smoothly without a hitch and suddenly a small problem crops up, these people will say: "I always knew that this would not work." This sort of "hindsight of a Zhu Geliang" is really undesirable.

But in fact, Zhu Geliang was not always correct. He erroneously employed Ma Shu and ended up losing Jie Ting. This was a serious miscalculation. In this situation, Zhu Geliang's wisdom was not displayed before the event, but after the event. He sent his troops to attack Qishan and lost Jie Ting. Zhao Yun was also defeated at Jigu. After returning to Hanzhong, some people suggested that he quickly dispatch troops again, but Zhu Geliang did not listen to them. He meted out punishments and then proceeded to ponder the mistakes made. He felt that the losses were not a result of having too few troops but rather one of the leadership being incorrect. He felt that it was necessary to rest and reorganize his forces so that they could carry out his future plans. The Yuan Dynasty scholar Hu Sansheng commented on this action. He noted: "This is what is meant by: Those who are good at summing up their defeats can avoid future losses." Summing up their defeats means drawing lessons from their experiences in a timely way so as to avoid repeated mistakes. This ability at "hindsight" is probably one of the reasons Zhu Geliang became "Zhu Geliang." If we do not have the "hindsight of a Zhu Geliang" it is unlikely that we will have the "foresight of a Zhu Geliang."

In doing things we must make predictions about the future. Our predictions can only come from an understanding of the inevitable. However, all things

are very complex, involving not only the preordained fortune. It is very difficult to predict anything with perfect accuracy. Small mistakes will be found in everything, particularly when engaging in new undertakings. Mao Zedong said that regardless of whether we are speaking of the transformation of nature or the transformation of society, it often occurs that, due to unforeseen circumstances, it is necessary to change some ideas, theories, plans or schemes, and sometimes it may be necessary to change them completely. "It often occurs that we have to suffer repeated failures before we can correct our misunderstandings. Only then will we be able to accord with the objective laws." Only by "not forgetting previous events" can we become "masters of future events." Those with the hindsight of a Zhu Geliang are those who sum up their experiences and lessons. This is a particularly important stage in the development of people's understanding and should be given much attention.

In our present reforms, forecasting and planning are of course very important. However, opening to the outside world and reforming the economic system are new undertakings. People have not engaged in this before so it is inevitable that we will meet obstacles and hazards. Also, in this work, we will make large and small mistakes. Thus, we must on the one hand do all we can to plan things thoroughly and reduce mistakes. On the other hand, we need the "hindsight of a Zhu Geliang." Each time we take a step, we must pay attention to summing up experiences and discovering mistakes so that they can be corrected in a timely way. When mistakes do occur in our work, we should not become alarmed, but likewise we should not ignore them. "Each obstacle crossed means a little more knowledge gained." We must pay attention to the patterns which appear in our summing up of mistakes. In this respect, what Deng Tuo said is correct: "It is better to be a Zhu Geliang with hindsight on many events."

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**ANSWER TO QUESTIONS: CAN THE THEORY ON VALUE OF KNOWLEDGE REPLACE THE THEORY ON VALUE OF LABOR?**

Beijing RED FLAG in Chinese No 15, 1 Aug 85 pp 39-40

[Article by Yan Cheng [5888 2055]]

[Text] In the developed capitalist countries at present, as modern science and technology develop and as technology- and knowledge-intensive industries develop, quite a few enterprises mainly rely on the extensive utilization and the sales of large amounts of professional knowledge and industrial and management technology to earn huge profits. Based on this fact, some people hold that "in the past, value was created by labor, but now it is created by knowledge," and that "Marx' theory in the value of labor emerged in the initial period of the industrial economy and it will certainly be replaced by a new theory on the value of knowledge." This view realizes the position of knowledge in the process of creating the value of products and recognizes the role of knowledge in the development of production. However, it separates knowledge from labor, confuses the diametrically different concepts of value transference and value creation and thus covers up the actual sources of value.

Where does knowledge come from? Does it come out of void and have nothing to do with labor? No, obviously not. Knowledge is the summing up of the human race's practical experience to understand and transform the world. Scientific and technological knowledge is the result of the creative work of scientific and technological workers and is the crystallization of a large amount of complicated labor. This means that whatever the form of knowledge, it is created by labor and without labor, there is no knowledge at all. Under the conditions of commodity production, knowledge has value and use value just like other products of labor. When knowledge is transformed into technology and put into production to be combined with means of production in general and with animated labor, on the one hand new products are created and on the other hand, with the help of animated labor as a media, the value of knowledge is transferred into the new products. Knowledge, as an intellectual product, only transfers its value to products such as the means of production in general in the production process, but does not create new value. The value transferred to the new products will never be greater than the value of the labor that was used to create the knowledge. Just as Marx said when he expounded on the transference of

value, "Obviously, the largest amount of value that they can lose in the process of labor is limited to the original amount of value that is put into the process of labor." ("Collected Works of Marx and Engels," Vol 23, p 232) The only source that creates value is man's animated labor.

The functions of knowledge as an intellectual product in the process of the formation of value do not differ from ordinary means of production. However, its functions in the creation of use value differ from those of ordinary means of production. In addition to being able to be transformed into technology to improve material production, it can also bring about tremendous change in the development of productive forces: 1) As knowledge is widely used and as science and technology develops, the material factors of advanced technology and equipment and the rising industries that produce these material factors constitute an increasingly greater percentage of the production; 2) correspondingly, there is a trend of manual labor changing into mental labor and mental labor becoming an increasingly important form of labor; 3) the application of new technology and the development of the modernization of production raises even more exacting demands on the knowledge of laborers and causes laborers to become increasingly better educated and become more complicated and skillful laborers with increasingly higher intellectual levels. These changes may cause social labor productivity to rise greatly and thus give rise to a relative reduction in the input of animated labor in producing products and a relative increase in the materialized labor transferred and in particular a great increase in the percentage of the value of knowledge which is a crystallization of the value of mental labor in the value of products. However, this does not mean that knowledge itself is creating value. The function of knowledge in creating material wealth differs entirely from the function of knowledge in the process of the formation of value. Those who uphold the "theory on value of knowledge" fail to make a clear distinction between the two and this has inevitably caused them to draw the erroneous conclusion that knowledge creates value. In fact, only by putting in more animated labor can more new value be created.

As a product of human labor, knowledge is only one of the factors. As science and technology develops and as production is modernized, knowledge plays an increasingly greater role in production, but if knowledge is not combined with man's animated labor in the process of production, it cannot yield value by itself. All advances in science and technology and any new invention or creation are brought about by man's labor. Even an entirely automatic installation or a highly sophisticated computer cannot dispense with the command and control of man. Therefore, a value of knowledge that is entirely divorced from labor is pure imagination.

In history, capitalist economists have fabricated one after another various kinds of "theories" on value such as the "theory of production costs," the "marginal utility theory," the theory of "equilibrium prices," and the theory of "static value," in an attempt to replace and thus negate Marx' theory on value. The current "theory on value of knowledge" is only a refurbished version of the "theory on the value of the means of production." It does not differ in essence from the various previous theories opposed to the value of labor. It only exploits some of the new changes in capitalist society brought about by the development of science and technology since World War II, to cover itself with a more deceptive color.

**ALSO ON THE QUESTION OF THE MAIN LINE AND THE RANGE OF STARTING POINTS FOR  
TEACHING MATERIALS**

Beijing RED FLAG in Chinese No 15, 1 Aug 85 pp 40-42

[Article by Liu Guibin [0491 2710 2430], lecturer of the Economics Department, Xiangtan University]

[Text] The framework of the scientific system of the socialist section of political economics is made up mainly by such basic questions as its central line and range of starting points. These basic questions are derived and epitomized from the essence and fundamental features of socialist relations of production. The "Decision of the CPC Central Committee on Reform of the Economic Structure," which reveals the essence and fundamental features of socialist relations of production, provides the key to resolving these basic questions.

1. Concerning the question of the main line. The "Decision" points out: "Correct relations between the state and the enterprise and between an enterprise and its workers and staff are the essence and basic requirement of the restructuring of the national economy as a whole with focus on the cities." This shows that economic relations between the state, the enterprise, and the workers and staff on the basis of public ownership are the essence of relations of production in our country at this stage. These economic relations may be in the form of vertical ties or horizontal ties. Vertical ties refer to economic relations between the state and the enterprise and between an enterprise and its workers and staff. Horizontal ties refer to economic relations between various enterprises and between individual workers and staff. Vertical economic relations constitute the basis of economic relations as a whole, whereas horizontal economic relations are derived from vertical relations. Seen in the perspective of vertical ties, the link in the economic relations between the three is the principle of the integration of responsibility, power, and interests. By this we refer to the integration of responsibility, power, and interests at two levels, namely between the state and the enterprise and between an enterprise and its workers and staff. These ties are manifested in the economic relations between the owners and direct operators in the sector of the economy owned by the whole people, in relations between democracy and centralism in economic management, and in the unity and diversity of material interests between the state, the enterprises, and the workers and staff. Reflected in



the concrete form of relations of production, these economic relations have come about through the establishment of the socialist economic system at two levels. In the sector of the economy owned by the whole people, an economic responsibility system featuring "the replacement of profit delivery by tax payment, independent management, and sole responsibility for one's own profits and losses" as well as "the linking of total wages and bonuses with economic results" is practiced between the state and the enterprises. In the enterprises, various forms of the economic responsibility system, mainly contracting, are practiced.

Vertical ties of responsibility, power and interests between the state, the enterprises and the workers and staff determine the horizontal economic ties between enterprises and between individuals within an enterprise. In other words, people's interrelations in the process of direct production determine people's interrelations in the exchange of labor and its products. Insofar as vertical economic ties are concerned, the enterprises bear specific economic responsibilities to the state and enjoy the decisionmaking power and partial material interests that correspond to these responsibilities. It is precisely because of this decisionmaking power and these material interests that enterprises can become relatively independent economic units. Thus, horizontal economic ties between enterprises must hinge on a regulatory system that combines planning mechanisms with market mechanisms, and enterprises must treat each other as commodity producers that operate independently and assume sole responsibility for their own profits and losses. Laborers working in enterprises bear specific economic responsibilities to their respective enterprise and enjoy corresponding power and interests. Thus, horizontal economic ties between an enterprise and its workers and staff must hinge on mechanisms that combine division of work and coordination with the principle of distribution according to work. It can thus be seen that vertical ties of responsibility, power and interests between the state and the enterprises and between an enterprise and its workers and staff determine horizontal commodity-money relations between socialist enterprises and relations based on division of work, coordination and distribution according to work between laborers working in enterprises, which are the fundamental features at the present stage. As pointed out in the "Decision": "Correct relations between the state and the enterprise and between an enterprise and its workers and staff are the essence and basic requirement of the restructuring of the national economy as a whole with focus on the cities. Fulfillment of this basic requirement inevitably calls for reform of every aspect of the entire economic structure. This involves a whole range of reforms including planning, pricing, economic management by state institutions, and the labor and wage systems." This fully shows that the relations between the state, the enterprise, and the workers and staff based on public ownership and the organic combination of responsibility, power, and interests are the core of socialist relations of production at the present stage. It is precisely for this reason that these relations should be taken as the main line of the theoretical system of the socialist section of political economics. Some textbooks held that "the core of socialist economic relations are relations of material interests formed on the basis of the public ownership of the means of production between the state, the collective and the individuals" and that "relations

of material interests between the state, the collective, and the individuals should be taken as important leads that run through the whole book." I think that this view, though basically correct, fails to look at the question from all sides. Practice has proved that the core of socialist relations of production refers not only to relations of material interests between the state, the collective and the individuals, but also relations based on the organic combination of responsibility, power, and interests between them. Only the last mentioned relations can fully reflect the unity and disparity between them in terms of economic status, the relations between democracy and centralism on economic matters, and also relations of mutual aid, coordination, and mutual benefit between enterprises and between individual laborers.

2. Concerning the range of starting points. The range of starting points has close internal links with the main line and should include the seeds of economic relations reflected by the main line. In my opinion, integrated labor in socialist enterprises is the embodiment of such a range of starting points. The reason for this is that socialist economic relations directly exist in the process of production in enterprises. Theoretically speaking, these interrelationships between people in the process of direct production are epitomized through the economic category of integrated labor in enterprises. In fact, the category of integrated labor in socialist enterprises also encompass seeds of relations of responsibility, power and interests between the state, the enterprise, and the workers and staff. This is mainly manifested in the "three initiatives," "three orientations" and "three social attributes" of integrated labor in socialist enterprises.

The so-called "three initiatives" of integrated labor in socialist enterprises refer to the present phenomenon where integrated labor in enterprises is subject to the initiatives of the society and the enterprises and, to a certain extent, subject to the initiative of the laborers themselves. The "three orientations" refer to the fact that the same piece of work is oriented toward serving the society, the enterprise, and the laborers themselves. A major difference between the "three orientations" of integrated labor and the traditional concept of "two orientations" (serving the society and the individuals) is that the former recognizes the enterprises as relatively economic entities with their own partial material interests. It is precisely the "three initiatives" and "three orientations" of integrated labor that have determined the "three social attributes" of labor performed in enterprises. To an individual, labor is a means of life. He can exercise a fair amount of decisionmaking power and self-determination, thus, this labor bears personal attributes. On the other hand, because this labor is subject to the collective interests of the enterprise and yields special and partial material interests for the enterprise, it bears the partial attributes of an enterprise. At the same time, because this labor is a component part of aggregate social labor, is subject to the guidance and regulation of social plans, and is the source of the overall interests of society, it also bears direct social attributes. Since these three social attributes are all present in the same unit of labor, the unity of opposites is inevitably at work. Thus, integrated labor in socialist enterprises contains the seeds of the unity and contradictions

of economic relations of responsibility, power, and interests between the state, the enterprise, and the individual producers. Commodity-money relations within the socialist economic sector owned by the whole people should also be explained in terms of integrated labor in socialist enterprises. Thus, this should be taken as the range of starting points for the scientific system of political economics. Proceeding from this range, we should thoroughly reveal the present state and development of the unity and contradictions of the relations of responsibility, power, and interests between the state, the enterprise, and the laborers at the present stage of socialism, as well as the ways of resolving these contradictions. We should also promote the development of social productive forces. These should be the basic tasks for the socialist section of political economics.

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## MY OPINIONS ON THE STARTING POINT AND PRINCIPAL IDEA

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[Article by Yu Taosheng [0151 7118 3932], associate professor of the Political Department of Wuhan University]

[Text] Socialist Commodity Continues To Be the Starting Point

The following three reasons were the basis of Marx to regard commodities as the starting point for his research into capitalism: 1) The universality of commodities. The wealth in a capitalist society was embodied in "large amounts of commodities." 2) The abstract concept of commodities. A commodity is the simplest and most basic element in a capitalist economy and "a single commodity is the elementary form of wealth." 3) The contradictions in the concept of commodities. The idea of commodities contains problems, and these problems are the core of all the problems within capitalism.

Are the three characteristics of commodities applicable to a socialist economy? For a long time, because people regarded a socialist economy as a product or a commodity-product economy, they did not regard commodities as the starting point. However, the three characteristics of commodities are also applicable to a socialist economy.

Based on the universality of commodities, since a socialist economy is a commodity economy, commodities and the law of value shine like a "universal light" through all the processes of socialist reproduction. The current situation in our country shows that there is not only a market for material commodities, but also a scientific and technological market where people exchange intellectual products. Not only are the products of collective and individual enterprises commodities, but the products of enterprises owned by the whole people are also commodities.

Based on the abstractness of commodities, despite a difference between the nature of commodity production under socialist conditions and that of commodity production in history, commodities remain the elementary form of socialist wealth and commodities in a socialist economy still have something common with the commodities in history. For example, they include a unity of use value and value, a unity which continues to be determined by

the dual nature of labor, and the law of value continues to exist and function. These common points are expressed in various different forms under various systems of ownership.

Based on the contradictions in commodities, under a planned commodity economy, the internal contradictions in commodities remain the basis of the contradictions in a socialist economy and reflect the basic problems in a socialist commodity economy, which in turn determines the development and solutions to be used to solve the problems within the commodity economy.

In a society with private ownership of the means of production, the internal contradictions in commodities originate from the contradiction between personal labor and social labor. In a capitalist society, the contradiction between personal and social labor has developed and become the basic contradiction of capitalism. The development and sharpening of this contradiction determines the inevitable downfall of capitalism.

After the substitution of socialist public ownership for capitalist private ownership, the basic contradiction of socialist commodity production, that is, the contradiction between individual and social labor, will replace the basic contradiction of capitalism. Whether the labor of a specific enterprise can be transformed into social labor is determined by whether or not the commodities produced by the labor are marketable. If the commodities cannot be sold, the use value of the commodities cannot be transferred to other people and thus the specific labor cannot be transformed into social labor. As a result, the enterprise's production cannot be smoothly carried out. From this we can see that the contradiction in the process of reproduction originates from the internal contradictions in commodities. The development of the internal contradictions in commodities gives rise to the emergence, development, and change of a series of contradictions. Therefore, the internal contradictions of commodities remain the basis of the various kinds of contradictions in a socialist economy. In conducting research in socialist economics, we must continue to regard commodities as the starting point.

Some comrades hold: "Since the socialist sphere of political economics regards the socialist relations of production as the object of its study, it must regard public ownership of the means of production as the starting point." This view is open to discussion. If this is true, shouldn't we then regard the private ownership of the means of production as the starting point, since the capitalist sphere of political economics regards the capitalist relations of production as the object of its study? Marx started from the lowest common denominator--the commodity, which is what people see most often--to disclose the laws governing the emergence, development, and downfall of capitalism.

#### We Should Regard V Plus M as the Principal Idea

In order to decide what the principal idea is, we must first understand what is meant by a principal idea and what is the relationship between the principal idea and the starting point. The principal idea is a basic idea that

reflects the essence of the relations of production and that runs through the whole theoretical system and plays a decisive role in the process of reproduction. Its relationship with the starting point is that the starting point is determined by the requirements of the principal idea, while the latter is the inevitable result of the logical development of the former. Surplus value is the principal idea of the capitalist sphere of political economics. It embodies the essence of the capitalist relations of production, reflects the contradictions between the bourgeoisie and the proletariat, and determines the various main aspects and processes of capitalist reproduction as well as the emergence, development, and downfall of the capitalist system. As surplus value is part of the value of capitalist commodities, in order to understand surplus value, we must first study what value is. In order to understand value, we must first study commodities. Therefore, the research into surplus value first begins with commodities and regards commodities as the starting point. Based on the process of the development of contradictions, the antagonism between the bourgeoisie and the proletariat embodied in surplus value originates from the development of the contradiction between private and social labor in commodity production. Therefore, it was not just a subjective assumption that Marx decided that commodities were the starting point and surplus value was the principal idea; it was the inevitable conclusion of both history and logic.

According to the requirements of socialist public ownership and the basic economic laws of socialism, the principal idea of socialism must be  $V$  plus  $M$ ; that is, the sum of the value created by laborers for themselves and that created by them for the society. This is different from the principal idea of  $M$  for the capitalist sphere. The aim of capitalist production is to pursue greater surplus value, while the aim of socialist production is to satisfy the increasing daily demands of laborers and society in their material and cultural lives.  $V$  plus  $M$  precisely reflects the aim of socialist production and embodies the relations between the material interests of the state, collectives, and individuals.

Some comrades have suggested that the principal idea should be the basic socialist economic laws. This view is also open to discussion. We cannot indiscriminately say that the basic socialist economic law is the principal idea, but should express it in a specific category.

A socialist economy is a planned commodity economy. Under the situation of a commodity economy, in satisfying the demands of people's material and cultural lives, we should not merely consider the material form--the aspect of use value--but must also consider value. In the past, some enterprises failed to pay much attention to economic results. Although there were many reasons for this, this was because, in theory, we regard socialist production merely as production of use value and overlooked value. Our regarding of  $V$  plus  $M$  as the principal idea and adhering to the idea of unity between material and value precisely embody the aim of socialist production in satisfying people's demands under a commodity economy.



## LITERATURE WITH MILITARY THEMES ON THE UPSURGE

Beijing RED FLAG in Chinese No 15, 1 Aug 85 pp 44-47

[Article by Han Ruiting [7281 3843 0081]]

[Text] The flourishing development of literature with military themes in the 1980's has already roused the attention of an increasingly larger number of readers. While people are still thinking about the historical conditions for the emergence of a number of successful literature works including "Garland on a High Mountain," the significance of these works in making a breakthrough and the characteristic of exploring new fields in these works, another batch of successful literature and art works have emerged full of the flavor of our times and fresh artistic images and made people feel at a loss to attend to them all. If we say there was an upsurge of the prosperous development of our country's socialist literature with military themes during the 1950's, then the upsurge of this literature in the 1980's is a new upsurge. Developments in the past 2 years show that there is a trend toward the emergence of a huge high tide.

One of the major manifestations of the change in the development of literature with military themes in the past 2 years is that this literature clearly transmits the voice of the quick pulse of the life in army barracks during the reform and reflects, through its description of the reality in various spheres of military life, the process of change and evolution in the thoughts and feelings of the servicemen of our times during the reform in their life.

As the torrent of the reform in our times has surged over our barracks, speeding up the modernization of our troops has become an increasingly urgent task facing our troops. The contradiction between the inevitable demands of history and a certain backwardness in reality appears sharply almost everywhere in our barracks. This objective contradiction in reality cannot help but evoke a strong demand for reform in the minds of our servicemen and inspire our servicemen with a pioneering spirit to carry out a reform. Quite a few literature works that have emerged in the past 2 years have to various extents reflected the demand for the reform in the barracks. With true incidents and people in the whirl of life, reports like "Army Commander" and "Running Tide" eloquently disclose the contradictions between certain old regulations, practices, and concepts in our military training and cadre system and the practical demands of the modernization of our troops.

They describe how these contradictions have evoked a strong demand for reform in the minds of our servicemen and thus started an upsurge of reform in barracks life. In works such as "Prosperous Town in a Country of Snow," "O, Gunfire at Suolun He Valley," "Night Dew," and "Third Generation of Sky Openers," the demand for reform in barracks life is displayed through disclosing the contradictions in reality and through the depiction of their characters. The antithesis and clash between the connotations of the dispositions, ideas and views, and attitudes toward life of pairs of characters such as Niu Ben and Dulin, Xi Wengong and Wang Ziwei, Pu Chunyang and Jia Yuehu, and Deng Jianquan and Cheng Fengtao reflect to what extent certain outdated things in the scope of our troops' ideological and political work, military training, administration and education, and military scientific research are unsuited to the quick development of reality and must be reformed. Xi Wengong's, Pu Chunyang's, and Deng Jianquan's reform-mindedness and pioneering spirit are not inborn personal dispositions but originate from the tide of our times and are clearly marked by the social demands of our times of reform.

In the transitional process of substituting a new order of life for the old one, inevitably there will be anxiety in some servicemen's minds. They often meet the change of new things substituting old ones with habitual and nostalgic feelings for the old order and are confused by the unfamiliar new order. The old fighter Qi Zhenduo in "Smile of White Cloud, Just the Same as Before," the livestock breeding squad leader Ma Cha depicted in the book "Wingless Eagle," and Ma Cha's comrades-in-arms all have for a time lost their psychological balance in the process of the sharp reform in their life. Amid confusion and perplexity, they either find a basis for their lives in helping a new and educated generation grow up or in looking squarely at and accepting the reality of military modernization in the process of the mental transformation of breaking with their past emotions and honor. The depiction of the anxiety in the minds of servicemen during the reform and the reflection of the servicemen's demands for reform and pioneering spirit supplement and contrast with each other. From different angles, they reflect the complicated mental, emotional, and psychological state of our servicemen in the period of reform. Perhaps this is why in the past 2 years literature with military themes has been relatively accurate in reflecting the reform in barracks life.

Since the beginning of the new period, our literature works with military themes have switched the focus of their reflection of life to the reality of troops in a peaceful environment. This switch in the direction of collecting materials for literature works has opened up many new spheres of life for literature creative work and provided people with a diverse scope of thoughts, feelings, and souls that they seldom wrote about in the past. The literature works with military themes in the past 2 years have dug more widely and deeply into new spheres of life in the barracks in peacetime. As a result, our servicemen's worth, morality, pursuits in life, and the complicated process of the development of their souls have increasingly become topics that quite a few works are artistically probing.

In peacetime, the value of the existence of servicemen is often difficult for people to understand and sometimes, even servicemen themselves feel vexed because it is hard for them to find their own value. However, in peacetime, a serviceman's life is not devoid of value because of the lack of the test of wartime's life-or-death struggle. On the contrary, this value exists in the daily accumulation of common devotion that our servicemen make in performing their duties. Through the description of the common and arduous devotion of Xi Fan and his son in their respective posts, the book "Draw the Bow Without Shooting" sums up in a certain depth the form and weight of the value of a serviceman's life in peacetime. "Soul of a Road" reveals the worth of Luo Zhesan's and his fighters' lives which is transferred into the iron and steel long wall that they build with their sweat and dedication in the process of arduous modernization. The depiction of Shangguan Xing in "A Song of War Chariots," and that of Xue Ye and other demobilized female soldiers in "Cheers, Women Soldiers!" however are focused on showing how they steel their firm willpower and positive attitude toward life amid difficulties and in an arduous environment and how they undergo the test of the twists and turns in their lives by relying on their fortitude and honesty and persistently pursue valuable life goals.

As for digging into the vast inner world of the servicemen of our times, the novels "Iron Bed" and "Two Generations of Truly Great Men" reach a relatively great depth. The three ordinary servicemen in "Iron Bed" all have some shadow in their hearts left over by their lives. Du Wei's concept of redemption, Zeng Guanyang's depression caused by being maimed, and Kong Tianxian's soul that is always agitated and never at ease all constitute heavy mental burdens on them that have nearly deformed their dispositions. However, their sense of mission as servicemen enables them to maintain their aspiration to pursue the good and the beautiful. In their mental struggle to free themselves from their bad luck, difficulties, and perplexity, their morality is distilled, their deformed dispositions are corrected, and their confidence in life is continuously strengthened. The book "Iron Bed" thus gives a picture of how three crippled hearts embark on the path leading to health. The analysis of General Li Chen's soul in the book "Two Generations of Truly Great Men" is true and thorough, something seldom seen in any work depicting senior commanders of our troops. The novel depicts Li Chen as an ordinary man who lacks no feelings or desires and fully displays the complicated and subtle contradictions of his inner world. In his career, he has the style of a strong man and pioneering spirit, but these are mixed with jealousy of other strong men that is hard to restrain. In his feelings, he cannot accept his successor, but his reason enables him to bravely look square at the reality of new people replacing old ones. He longs for the warmth and harmony of family life, but cannot help living in loneliness. The weakness of his feelings and his concealed selfish motives make him suffer fully the bitter unhappiness of a poor family life. In spite of his bitter suffering and feeling of loss, Li Chen can yet be regarded as a serviceman with a strong character. In spite of his old age, he calmly carries out a reform in his soul to overcome and surpass himself. The description in the two novels about the historical reality of the reform in servicemen's souls perhaps marks the newest achievement that has been scored in the past couple of years in writing literature works with military themes.



Works that do not reflect actual barracks life in the period of reform need not lack a strong sense of reality either. They base their historical consideration on reality and often provide warning and enlightenment for people who are engaged in actual reform. The book "19 Tombs on a Mountain" contains a profound historical and practical consideration centered on a tragedy that took place during the "Great Cultural Revolution." It not only exposes the absurdity of the "Great Cultural Revolution" and its inevitable evil consequences through the description of how the ultraleftist ideological trend caused the destruction of the tunnel of the Long Shan project and the death of people there during the 10 years of civil disorder; but it also deals with the historical root causes of the tragedy from various angles. ruthlessly analyzes and denounces the serious harm of the virus of "leftist" thoughts that remained latent for many years in our troops and society, and sounds an alarm for people telling them that they must wipe out this "leftist" virus everywhere in our lives. On the other hand, the book "Love on Qixue Hu" tells a moving story of troops and civilians helping each other and jointly resisting outrage. By so doing, it displays the dialectic law governing the movement of history itself: Where there is outrage, there will certainly be a just struggle of resistance; the sparks of the good will not become extinct when evil prevails; distorted truth can be corrected in the people's hearts; a tragedy will be turned into a comedy when it goes to extremes; and there is brightness following darkness. This book's description of the confrontation between justice and evil during the 10 years of turmoil perhaps has a tincture of idealism. However, it is an ideal that is not divorced from the basis of reality in its development but is an ideal that imbues the book with a shocking strength of justice and poetic emotion like a beam of light that passes through the corridors of history.

The increasingly rich and profound themes, contents, ideological implications, emotions, and colors, and the lingering appeal of the descriptions of life in the literature works with military themes that have emerged during the past 2 years show that the field of vision and scope of life of our writers are expanding and their ideological and artistic standards are improving. If we say that this is an obvious achievement of the work of further eliminating the impact of "leftist" thoughts, then what is even more obvious is that the social trend of reform in reality is exerting an impact and promoting the renewal of their ideas on literature creative work and their views on literature and thus has brought about a change in the characteristics of our literature works with military themes. This is another major manifestation of the marked development of literature works with military themes in the past 2 years.

Social life is always an entirety that is full of various kinds of links and that has a multilayered structure. As for army life, it is not only linked in many ways with the whole social life, but consists of many tiers and links. The question of whether a writer can grasp social life as a whole and put its innate, complicated features in writing often determines the degree of reality and depth of the literature works written by him. In the past, there was a mechanical and metaphysical view of literature creative work that advocated describing one single aspect of life, directly

describing the essence of things and neglecting complicated phenomena, throwing away nonprimary aspects and describing only the principal aspects, or severing all internal and external links and reflecting army life in isolation. Since the beginning of the new period, particularly during the past 2 years, our literature works with military themes have been washing away this outdated view and switching to describing life from diverse angles and thus giving a three-dimensional hologram that reflects life from all angles including front, side and back, describes life as complicated and diversified as it actually is, and displays the inherent complicated forms of the essence of life. Quite a few works that describe servicemen's heroism and devotion have discarded superficial methods that pursue the description of "forceful acts" and "lofty aspirations" and switched to profoundly describing the inner world and sphere of emotion of our servicemen, revealing servicemen's heroism by putting them in an adverse environment or through their mental struggle. By so doing they reveal what is uncommon through writing about what is common and vice versa. There has also been a change in our view of describing the enemy camp. We no longer make abstract and summary descriptions of the people who are our enemies, but we regard them as specific individuals in the groups of reactionary people. "Gaze" describes an old KMT captain as a mixture of stubbornness and dejection and thus presents a fairly vivid image. The depiction of Sha Long in "A War Directed by a Devil" presents a true and vivid image of an archcareerist who is ambitious and who indeed has military talents.

The change in the views of literature creative work in the literature works that have emerged in the past 2 years is also shown in the beginning that has been made in correcting the deviation of narrow utilitarianism concerning the functions of literature and in linking the educational function of literature with its cognitive and aesthetic functions, and in performing these functions in an all-round process in the artistic creative work. The writers have not only continued to overcome the chronic bad writing styles of false plots, superficial contents, and simple approaches, but have also paid attention to imbuing their works with diverse aesthetic significance. In their writing, they have pursued making covert ideological teachings, and artistic implications and imperceptible influences and thus imbued their works with greater artistic charm. Many writers have added many emotional factors to their works and thus pass on the teachings and move people with emotion. This has replaced the previous rigid and dull methods of passing their teachings on to the readers. Quite a few writers have sought to make their work more instructive and interesting and thus enhanced the educational and cognitive functions of their works and enabled their works to have a stronger appeal to the readers.

Real life becomes increasingly extensive and complicated, people's ideology and emotions become richer and deepen and the structure of the aesthetic mentality of our society tends to be more open. All these have raised new demands on the forms of representation of our literature. A major sign of the development and change in literature works with military themes in the past 2 years is the initial emergence of a trend toward the development of diversification in the forms of artistic presentation. The forms of presentation in writing novels are not limited to one pattern. The works

that mainly adopt the traditional method of narration, those that mainly adopt the method learned from Western modern novels, and those that adopt a mixture of methods compete with one another. Some writers have pursued diverse significance in their themes and diverse levels in their intentions in order to enable their work to reflect the diverse and complicated experience of their lives and in order to express various levels of ideological intentions. In some works, the traditional structure of narration is changed and the means of interlocking time and space and changing angles of view are used to rearrange and shorten the span of time and distance, expand the capacity of the works, and augment the change in artistic description. Quite a few writers relatively frequently apply the methods of symbolization, implication, personification, stream of consciousness, and inner soliloquy to describe things and people and convey their emotions and teaching. As a result, the description in their works digs deeper and nearer to the concealed bottom of things, adds color to their works, and makes them more interesting to read. There has been quite a great deal of development in the forms of artistic presentation in our reportage. This kind of works, whether centered on incidents or people, have all strengthened their description of the basic characteristics of the thoughts and dispositions of their characters and often present vivid images through well-selected details of life. Works of reportage that write about vast scenes with great vigor have mushroomed. Some writers relatively skillfully grasped this form to reflect major events. They combine the description of vast scenes with that of detail, interlock careful description of details with giving bold outlines, and merge great momentum with rich poetic flavor thus imbuing their works with a strong and moving artistic force. In quite a few works, pungent, incisive, and pithy argumentation plays either the role of revealing the thoughts of the characters and the essence of things or a key role in making the works instructive and interesting. This argumentation has already become an organic part of the whole of these works. Often the wonderful argumentation in some works deeply sums up certain kinds of life experience or common phenomena and has a tincture of ideological debates and some philosophical meaning.

The form of realist literature always emerges as a reflection of the major characteristics of reality. Our reality is still undergoing a reform, therefore, a relatively stable form of literature that reflects the major characteristics of this reality still needs to gradually take shape in the process of continuous development. Therefore, it goes without saying that the forms of artistic presentation in our literature with military themes in the past 2 years need to be further probed into, renewed and changed and are still immature. Nevertheless, the efforts that have been made in probing into the forms have after all given brand-new features to our literature with military themes and facilitated enriching their capacity for artistic presentation. The further upsurge of the new tide of literature with military themes will depend on the close combination between more writers with our times and reality, a scientific renewal of our views of literature creative work, arduous and sound artistic exploration, and a vigorous spirit of free literature creation.

CSO: 4004/34



RIPENING IN A BUMPER HARVEST SEASON--ON READING 'MAY' BY TIAN ZHONGHE

Beijing RED FLAG in Chinese No 15, 1 Aug 85 p 48

[Article by Zhang Shishan [1728 4258 1472]--"May" by Tian Zhonghe [3944 0022 4421] appeared in SHANXI WENXUE No 5 of 1985]

[Text] It is the busy farming season of May, the season for harvesting the wheat, and Xiangyu, who was born into a peasant family and who has just graduated from university and become a teacher, is returning to her village to see her relatives. The plot of the novel "May" gradually unfolds through what this young woman sees, hears, and feels. In her eyes, the changes in her family's village have an intense freshness. Through the use of this novel angle, the reader is drawn unconsciously into the artistically depicted world of a peasant family in a bumper harvest season.

The responsibility systems have brought thriving vitality to the rural areas, but the peasants' lives, depending as before on outmoded, backward work methods, are still arduous. The correct policies are not incantations for opening mythical treasure caves. In Xiangyu's family "a bumper harvest means more grain than predicted, but it is no reason for the family members to change their worried expressions." The grain selling season, that time when things almost stagnate and solidify, really makes one gasp for breath. Lining up for 2 days and 2 nights, suffering under the broiling sun, putting up with the troubles created by the quality assessor--these difficulties give us a lasting impression of the problems faced by the peasants in selling grain. These, certainly, are problems after a bumper harvest, problems of pursuing things at a higher level. But this serious atmosphere really cannot be ignored. This gives readers who are not familiar with the current situation in the rural areas a view of the actual developments and provides those well-intentioned people who think that all peasant households are "10,000 yuan households" with an overall, correct, and clear assessment of the rural areas.

As a work of literature, "May" is not simply a reproduction of life and does not simply expose problems and depict policies. In its almost trifling descriptions of the life of a rural family, and in the development of its easy, unforced plot which causes people to worry that it will fall into a set pattern of simple descriptions, the novel firmly grips the reader. This undoubtedly results from the novel's artistic charm. "May" not only

has new angles and rich contents, but most importantly has real people who come and go in real life. It describes the disposition and fate of people in a period of change.

For a short story, "May" contains a few too many characters. However, the two sisters Xiangyu and Gaiwa, who are positively and meticulously sketched by the author, and the two brothers Dagou and Xiaowu, who appear only infrequently, are very successfully depicted.

Dagou reminds one of the old bachelor who has appeared in many works of literature over the last few years. What is gratifying is that the writer does not loosely depict him as a lucky person for whom everything goes well. He had become rich and attained what other people had difficulty in attaining. However, he did not gain love. Is this cause for regret deliberately created by the author? No, it is a reflection of the diversity of the changes in life. In the peasants' mind, there is one aspect which can appreciate wealth and able people, and one aspect, formed over thousands of years and strictly maintained, which assesses people. Those people who take on bad habits when poor, and thereby go down in the peasants' estimation, do not regain their reputation just because they become rich. In comparison, the younger brother Xiaowu is much more fortunate. This character is not often seen and is always placed in some distant corner. Although, because of his brother's feelings, he is initially irresolute, finally it is the call of love which determines that he goes off with Gaiwa. They bravely strike out along the new road of developing the commodity economy.

Gaiwa is the character etched most successfully in "May." From the beginning, her headstrong ways, eccentricity, and irrationality almost cause one to tire of her. But, as the plot develops, she gradually becomes comprehensible. The lack of understanding resulting from the father's feudal and patriarchal style of rule and a young girl's reserve is the immediate cause of her perverse behavior. The conflict between the old things intrinsic in the ancient plot of land and the new life and new ideas is a more indirect cause. Finally, Gaiwa and her lover Xiaowu take the drastic measure of "eloping" to Shanxi to do business. Her spirit of deciding things for herself, her persistence in her feelings of love, and her desire for independence in life thereby develop and become a powerful part of "May." She is a new rebellious person, true-to-life and believable, who has been pushed forward by the changes in her village. This model of the new generation of peasants, and the spirit of seeking and forging ahead in the new life which we see in all the Gaiwa's, gives us complete confidence that they will create a rich and prosperous future.

As to Xiangyu, the character through whom we "see," the author has not simply made her a megaphone or a machine to record what is going on. She becomes prominent through the development of the plot and through the activities of her mind. This modern university graduate, after returning to the life she is so familiar with but which she finds increasingly strange, reproves herself for only having studied the peasants in history through books and not having studied peasants in the fields. This self-reproach, it can be said, contributes to her loftiness. However, she then starts to

feel a sweet love for the "little editor" to whom she formerly paid little attention. Is this not a negation of the spirit of reaching for what is beyond your grasp? In the face of the peasants' difficulties, a chord was struck in her heart. Could she have just resigned herself to accepting the situation? Perhaps this is a true story, a true chronicle of the limits of a female university student who hails from a small household in the rural areas. However, in aesthetic terms, it leaves the reader with regret that the plane Xiangyu attained was not a little higher.

The novel "May" also ripens in the harvest season. It brings us the smell of the wheat and, of course, this is accompanied by the smell of the sweat of the peasants as they cut the grain. Read "May" as it can increase our strong feelings for nurturing our land!

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**A BOOK WHICH FAITHFULLY RECORDS MAYOR CHEN YI'S ADMINISTRATIVE ACHIEVEMENTS---  
'A MAN AND A CITY'**

Beijing RED FLAG in Chinese No 15, 1 Aug 85 inside back cover

[Book review by Zhang Yanmin [1728 1750 3046]]

[Text] In the revolutionary career of Comrade Chen Yi [7115 3015] there have been heroic and moving deeds. His course of struggle in commanding several hundred thousand troops in liberating old Shanghai and leading 6 million people in building a new Shanghai provided magnificent chapters in his life. "A Man and a City" edited by He Xiaolu [0149 2556 7627] and Tie Zhuwei [6993 4554 0251] and published by the People's Publishing House uses rich, accurate historical materials and a fresh easy style of writing to vividly record this brilliant stage of his life.

This is quite an unusual biography. It records real people and real events, but these events have the power to stir the heart. The book, comprising nearly 130,000 characters, details 90 vignettes of Comrade Chen Yi's life as the mayor of Shanghai. Although some of the stories have been dramatized and put on the stage or made into movies before the book appeared, most of the stories are being seen by readers for the first time. For example: Comrade Chen Yi personally commanding the "silver dollar war" in which profiteering and illegal activities were attacked; sending his secretary to do work for Mr Liu Yazhi [2692 0068 1311]; giving his house to General Fu Zuoyi [0265 0155 5030] during the period of a CPPCC session; sending Chairman Mao telegrams on six occasions accurately reporting the difficulties of industry and commerce in Shanghai; and so on. The historical books described in the book are first-hand accounts provided to the authors by people who worked with Comrade Chen Yi in those days and by other people both within and outside the party who had quite close contact with him. Even stories which people are quite familiar with have, through the efforts of the authors, been given new ideological substance.

This book is an account of Chen Yi, but it is not written solely about him. Rather it places him in the wider historical background and special environment of the time. On opening the book, the Shanghai which appears before the eyes of the reader is a devastated city. Everything awaits reconstruction. Factories had stopped production, workers were unemployed, refugees were in desperate need of aid and some capitalists were preparing to take their funds

and flee at any time. Also, serious social and political problems such as foreign business, the secret societies, the spy networks, the hooligan papers, prostitutes and so on, were all waiting urgent resolution. In the face of these prickly problems, Comrade Chen Yi displayed outstanding leadership and a general's manner. He concentrated on the essentials and from the disordered and tangled threads firmly grasped the economic problems in the lives of the 6 million inhabitants of the city. Through making friends with the "bourgeoisie," he resolved the "disputes between labor and capital," made plans for and led the "rice and cotton battles" and implemented other such measures. Thus Shanghai industry, which had "semi-disintegrated," was quickly revived. Prices which "saw three increases in a day" were also stabilized and the livelihoods of the people were assured. By these means, he laid down a firm base for resolving the other problems.

Through the description of a large number of events and people, this book shows Chen Yi's courage, insight, knowledge, and achievements in office. While centering on Mayor Chen Yi, the book also includes much about the people who were close to him. It describes: Chairman Mao and Premier Zhou's dispatch of troops to liberate and take over Shanghai; the revolutionary friendship and prewar strategic discussions between Commander Liu Bocheng, Commissar Deng Xiaoping and Comrade Chen Yi; the situation report Comrade Chen Yi made to the industrial circles in Shanghai; and the many commanders who did battle in Shanghai in those days. The authors combine descriptions of the activities of the party leaders and descriptions of the activities of the masses, and produces what seems like an orchestra, performing a symphony about the magnificent liberation of old Shanghai and the building of the new Shanghai. The language and descriptions used in the book are noteworthy. This is especially so of the language of Mayor Chen Yi. Sometimes it is excited, sometimes full of humor, and other times searing. You could hear him even before you saw him coming. This certainly plays a very good role in depicting the sentiments and characteristics of the people written about.

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